THE CONSTITUTION AND FINANCE OF ENGLISH, SCOTTISH AND IRISH JOINT-STOCK COMPANIES TO 1720

VOLUME III

WATER SUPPLY, POSTAL, STREET-LIGHTING, MANUFACTURING, BANKING, FINANCE AND INSURANCE COMPANIES

ALSO STATEMENTS RELATING TO THE CROWN FINANCES

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BY

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PREFACE

THIS volume completes Part II. of the constitutional and financial history of British joint-stock companies to 1720. In its subject-matter it is differentiated from the second volume, in so far as in the latter most of the undertakings described were related to the shipping industry, whereas those, now dealt with, were mainly concerned with commerce at home.

Perhaps the addition of the concluding division, which treats of the Crown finances at certain periods, requires some explanation. In this and the second volume references have been necessary to the state of the credit of the Crown; and, owing to the comparative treatment aimed at in Part I., it was essential to allude frequently to these and similar topics. It is unfortunate that there is no modern history of the Revenue, and therefore it became necessary to provide certain illustrative statements of it, which, under the various qualifications mentioned in Division xv., would bridge the gap to some extent. But to have entered on such discussions in detail in Part I. would have been out of place, and hence comparatively full tabular statements have been provided in this volume, so that reference from Part I. (vol. I.) to these may be as easy as possible to the reader.

In the case of companies, which still exist, I am indebted to the officials for information in several directions. The following accounts of such bodies have been read either in MS. or in proof by members of the directorate or of the staff, who have devoted special attention to the early history of the institutions with which they are connected. In this way, it is to be hoped that accuracy on many minor points has been secured, but, needless to say, I am altogether responsible for the explanations given of the phenomena. In addition there are a few

undertakings, no longer in existence, concerning which others have helped me. In both these connections I have to thank the following (the special assistance of each being generally mentioned in footnotes)—Mr J. S. Barbour, Mr C. A. Denton, Mr George Hakewill, Mr Henry J. Maguire, Mr D. McNeil, Miss Maud Sellars, Mr J. F. Stutchbury, Mr W. N. Whymper. I have also to acknowledge the courtesy of the proprietors of the *Accountants' Magazine*, the *Journal of the Royal Society of Antiquaries of Ireland* and of the *Scottish Historical Review* in permitting me to reprint articles which have appeared in these publications. These portions of the work have been in some cases largely rewritten and in others revised and extended. I am also indebted to the Council of the Scottish History Society for allowing me to reprint parts of my introduction in *the Records of a Scottish Cloth Manufactory at New Mills, Haddingtonshire*, 1681–1703.

W. R. S.

THE UNIVERSITY
ST ANDREWS
April 1911

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FACSIMILE OF

FRERE'S LIST OF PRICES OF STOCKS

12—15 NOVEMBER 1715

FREKE's PRICES of Stocks, &c

	Divides	Saturday.	Monday.	Tuesday.
India	10	128	129 $\frac{1}{2}$ a 30	132 a 30 $\frac{1}{2}$
Bank	8	116 $\frac{5}{8}$ 17	117 $\frac{1}{2}$ a 119	121 a 20
South-sea	6	89 $\frac{5}{8}$ a $\frac{1}{4}$	90 $\frac{1}{4}$ a 1	92 $\frac{3}{4}$ a 1 $\frac{3}{4}$
Million-Bank	6	89	90	91
African		16	16	16
Bankers Assignments	3	52	52	52
South-Sea Bonds	6	3*l.* 10*s.* Disc.	3*l.* 5*s.* Disc.	3*l.* Disc.
Ditto	5	5*l.* 10*s.* Disc.	5*l.* Disc.	5*l.* Disc.
East-India Bonds	6	45*s.* Disc.	42*s.* Disc.	40*s.* Disc.
Bank Circulation	5	4*l.* Disc.	3*l.* Disc.	2*l.* 15*s.* Disc.

Classis 1711. Fund 186670*l.* *per Annum*, for 32 Years, on the *Post-Office, Leather, Stamps, Hackney-Coaches, Chairs, Cards, and Dice.*

Discount per Cent.

First	6 a 9
Second	7 a 10
Third	11
Fourth	11 $\frac{1}{2}$
Fifth	12

Classis 1712. Fund 168003*l.* *per Annum*, for 32 Years, on *Leather, Vellum, Parchment, Starch, Coffee, Gold and Silver Wire, and Stamps.*

Discount per Cent.

First	6 a 9
Second	10 a $\frac{1}{2}$
Third	11 $\frac{1}{2}$
Fourth	12
Fifth	12 $\frac{1}{2}$

Lottery 1711. Fund 135000*l.* *per Annum*, for 32 Years, on *Tonnage and Poundage, Coals and Candles.*

Courses.	Disc. per Cent.	Courses.	Disc. per Cent.
16 *to* 100	*from* 2 *to* 4	101 *to* 150	*from* 4 *to* 6

Lottery 1712. Fund 168003*l.* *per Annum*, for 32 Years, in three LOTTERIES, on *Soap, chequer'd and strip'd Linnen, Paper, and Stamps.*

Courses.	Disc. per Cent.	Courses.	Disc. per Cent.
5 *to* 30	*from* 4 *to* 6	81 *to* 100	*from* 7*l.* *to* 8*l.*
31 *to* 80	*from* 6 *to* 7	101 *to* 120	*from* 8 *to* 9

Lottery 1713. Fund 35000*l.* *per Annum*, for 32 Years, *Civil List.*

2 *to* 5	*from* 10*l.* *to* 13*l.*	21 *to* 30	*from* 26*l.* *to* 28*l.*
6 *to* 10	*from* 13 *to* 20	31 *to* 40	*from* 28 *to* 29
11 *to* 20	*from* 20 *to* 26	41 *to* 50	*from* 29 *to* 30

Lottery 1714. Fund 116573*l.* *per Annum*, for 32 Years, on *Soap, Paper, chequer'd and strip'd Linnen, Starch, Coals exported, and Stamps.*

Courses.	Blanks at 5 *per Cent.*	Prizes at 4 *per Cent.*
1 *to* 10	*from* 2*l.* *to* 12*l.*	*from* 3*l.* *to* 16*l.*
11 *to* 20	*from* 12 *to* 14	*from* 16 *to* 24
21 *to* 50	*from* 14 *to* 16	*from* 24 *to* 28
51 *to* 100	*from* 16 *to* 18	*from* 28 *to* 30
101 *to* 140	*from* 18 *to* 20	*from* 30 *to* 32

John Freke, Broker, at his Office in **Exchange-Alley**, buys and

☞ Any Gentleman may have this Paper left at his House

Facsimile of Freke's List of Prices of Stocks for Saturday, November 12th,
receipt of news of

from Friday to Tuesday Nov. 15. 1715. N° 67

Course of Exchange.

Amsterdam	36 10	Leghorne	50
Rotterdam	37	Bilboa	45
Antwerpe	37 8	Genoua	50
Hamburg	36	Venice	45 $\frac{1}{2}$
Paris	50	Lisbon	5 3 $\frac{1}{2}$
Bourdeaux	50	Porto	5 2 $\frac{1}{2}$
Madrid	47 $\frac{3}{4}$	Dublin	10
Cadix	47 $\frac{1}{2}$		

Int.	Exchequer.	Advanc'd	Paid off		N°
6	15th 4 Shilling Aid	1880000	1832420		3252
5	3d 2 Shilling Aid	940000	926636		1604
5	4th 2 Shilling Aid	940000	841007		1095
4	5th 2 Shilling Aid	940000	22500		45
6	Hops	180000	93195		78
5	Malt 1713	700000	paid off.		
5	Malt 1714	650000	328564		894
6	Low Wines 1705	700000	638292		1522
6	Candles, &c.	500000	185780		528
6	Subsidies 1709	645000	463549		2837
6	Tin	1114840	1073329		2837
6	Clas. 1711 Blanks & Pr.	2602200	76350		656
6	Classis 1712	2341990	30045		251
6	Lottery 1711	1928500	179620	16 Payment	12
4	Ditto 1713, Civil List.	633000	23570	2 Payment	83
6	Ditto 1712, in 3 Lott.	2341740	83220	5th 1 Lot.	25
4	Ditto 1714, Benefits	719040	First Pay. 3270	N. 2 ditto	20
5	Ditto 1714, Blanks	1157360		51 3 ditto	8

Prizes 1710, due *September* 29, 1714, are paid all off.
Blanks 1710, of 14*s. per Annum*, for 28 Years, 8 *l.* 2*s.*

Annuities. Years Purchase.

1693, 14*l. per Cent.* Excise	14 $\frac{1}{2}$ a $\frac{5}{8}$
1705, 3700*l. per* Week Excise	15 $\frac{1}{4}$ a $\frac{3}{8}$
1706, $\frac{1}{2}$ Additional Customs and Excise	15 a $\frac{1}{8}$
1707, Low Wines, Sweets, Pedlars, and Customs	14 $\frac{3}{4}$
1708, 80000*l.* 1 Moiety of old Tonnage and Pound.	15
1708, 40000*l.* Surplusses	15
9*l. per C.* for 27 Years $\frac{1}{2}$ Excise, Raisins, Spices, Snuff	11 $\frac{1}{2}$
Prizes 1710, for 28 Years $\frac{1}{2}$, Coals and Windows	11

East-India Sale amounts already to 539400 l.

The Prices of the Stocks in this Paper are computed from the Morning, to Three a-Clock each Day.

sells Stocks, and all publick Securities, and lends Money on the same.
Twice a Week, for Half a Crown a Quarter.

1715 to Tuesday, November 15th, showing rise in price of stocks on the Battle of Preston.

PART II. (*continued*)

DIVISION VI.

WATER-SUPPLY COMPANIES

SECTION I. THE HAMPSTEAD AQUEDUCTS.

(Parliamentary powers [granted to the City] in 1546—transferred to a Company of above title in 1692 and leased to New River Company in 1859.)

Although there are many gaps in the history of the water-supply of London, there remain sufficient materials to indicate the general development of the building up of the system that exists at the present day. At the time of the Norman conquest and for about a century afterwards drinking water was obtained from the Thames and from its tributary streams. The latter have now disappeared, but Stow mentions four brooks, one called the river Wells, the Wallbrook, another brook and the Oldborne. By 1235, these streams had been injured by the encroachments of buildings and were in some places partially filled up with rubbish, and in that year the brooks, within the City, were confined by bricked banks, while reservoirs were constructed, from which the water passed by pipes to fountains. These were known as conduits or wells. In 1236 the city authorities found it necessary to lay a 6 in. pipe to bring water from Tyburn. By 1342, though the conduits were useful in their respective areas, the water question had become acute through impediments placed in the way of persons desirous of carrying water from the Thames. Access to the river was gained by means of narrow lanes, and the adjoining householders exacted a toll from those passing through, which became a great grievance. An inquisition was held with a view to restoring the ancient rights of way. The resulting increase, in facilities for drawing water from the Thames, made the supply fairly adequate during the next century, but by 1439 it again became necessary to bring water from comparatively outlying districts by pipes. In that year a deed was signed by the Abbot of Westminster, granting the use of springs near Paddington. New conduits were made in several places from 1500 to 1528, and in 1535 a grant was executed by the Common Council to provide for the laying of pipes to convey water from Hackney[1].

[1] Stow, *Survey of London, passim*; *Hydraulia*, by W. Matthews, pp. 4–10.

It unfortunately happened that the new conduits availed only to maintain the previous volume of water, owing to the drying up of some of the springs that had been long in use. Consequently, in spite of the expenditure incurred, the supply was inadequate for an increasing population, and it became necessary to obtain water from a distance. Springs had been discovered at Hampstead, and the City decided, about 1544, to seek parliamentary powers for the acquiring of land and laying of pipes. The act was passed in 1546[1], and it is of considerable interest, not only as the first private act giving compulsory powers, but also as constituting the foundation of an undertaking which was afterwards transferred to a company still in existence.

The act 35 Henry VIII. c. 10 states, in the preamble, that sweet and wholesome running water from fresh springs was commodious and profitable for the inhabitants of cities. The City of London had formerly been abundantly supplied, but a recent drought or other cause had diminished the supply of water from the springs that had been used previously. The Mayor, William Bower, was therefore authorized to convey to the City water from springs at Hampstead, Marylebone, Hackney, Muswell Hill or other places within five miles of the City. The Common Council, as undertakers of the work, was permitted to enter any grounds, where springs were to be found, and to convey the water by pipes, subject to the payment of compensation to be determined by a committee appointed by the Lord Chancellor. This privilege was subject to the limitation that water, necessary for the use of houses or villages, should not be diverted, nor might the servants of the corporation dig in the King's grounds without leave. Payment of 1 lb. of pepper annually was to be made to the Bishop of Westminster, as Lord of Hampstead Heath. The penalty for resisting the servants of the corporation, engaged in the execution of this act, was 40*s.*[2]

It appears that, although the act was passed in 1546, it was not until 1590 that the works were completed. There were originally four reservoirs at Hampstead from which the supply for the north-west district was drawn[3]. For over a hundred years, the history of this conduit is obscure. During that period the completion of the New River[4] and the various pumping-engines for raising Thames water solved for the time the difficulty of the supply, and it is probable that the Hampstead conduit shared the fate of other similar works after the Great Fire and, while still in existence, was neglected.

It has been shown elsewhere how many undertakings had been

[1] 35 Henry VIII. c. x.

[2] *Statutes,* III. p. 967.

[3] Matthews, *Hydraulia,* p. 13.

[4] *Vide infra,* Division VI., Section 3.

started from 1691 to 1695[1]. At that time the New River company had at length justified the high hopes of its founder, and the shares commanded a considerable premium. In view of this fact, the improvement of the London water-supply was one of the schemes for which capital was readily procurable, and amongst the companies, then formed, was one intended to improve the Hampstead conduit. This company was promoted by William Paterson, the founder of the Bank of England, and the original shareholders included John Holland, the founder of the Bank of Scotland, Francis Tyssen, a prominent East India merchant, Dalby Thomas, Chief-Justice Chester and Sir John Trenchard. Paterson had induced the Mayor and Council to grant him and his assigns a lease for 31 years of all the rights of bringing water from the parishes of St Pancras, Hampstead and Hornsey, which were not, at January 10th, 1692, otherwise used by the Mayor or Commonalty or by persons claiming under them. The rent, payable by Paterson, was £80 a year, and in addition he had already paid a fine of £200. To provide working capital, a company was formed (which is now known as *the Hampstead Aqueducts*) with a capital, divided into 600 shares of a nominal value of £20 each. Thus, when the shares were fully paid, the total capital would be £12,000. By an agreement, signed on January 26th, 1692 by the members of the company, it was stipulated that 100 shares, of the nominal amount of £2,000, should be credited to Paterson and two others, who had co-operated with him in obtaining the grant and paying the £200 to the City, besides discovering certain new springs. These 100 shares were known as "maiden shares." They were divided as to 35 to Paterson, 35 to Samuel Tucker and 30 to Israel Hayes. The three promoters reserved the right of receiving 100 of the remaining 500 shares, subject to the payment of £20 as called up. This accounted for 200 shares. 200 shares were divided amongst nine persons, of whom six held 30 shares each. There were still 200 shares to be issued. It was agreed that £2 per share on the 500 shares should be paid before the last Tuesday in March 1692 and the remainder as ordered by the committee of managers. No member was to transfer any share after the first Tuesday in May, without having paid it up in full. Shares, on which any call remained unpaid for 60 days, were subject to forfeiture. This agreement is unique in prescribing the liability of the members, which was to extend not only to the amount uncalled on each share, or that called but not paid, but also to "the payment of the rent of the lease or grant [from the City] and in all other costs, charges, damages or expenses, which shall or may arise from

[1] *Vide supra,* Part I., Chapter XVII.

or by reason of the said undertaking." Members were entitled to one vote for each share. The qualification for a "committee" was 10 shares. The "committee of management" consisted of a maximum of 15 and a minimum of 9; the majority being a quorum. It was further agreed that the £200, paid by the three promoters, should be reckoned as a payment on the 100 "chargeable" shares allotted to them. The committee was given powers to negotiate with the City for the acquisition of additional springs[1].

When the pamphlet, entitled *Angliæ Tutamen*, was written in 1694–5 there had been dealings in the shares of this company, and hence, in that work, it is characterized as one which had suffered the evils of stock-jobbing to prevail against it. Therefore, the writer predicted that the undertaking would come to grief. Anderson, in referring to this prophecy, is in error in saying that the company proved a failure, since, at the time he wrote, it was distributing modest but regular dividends[2]. As the shares, unissued in 1692, were placed and the calls were paid up, the pipes were extended and consumers supplied in the suburban district (as it was then) between Tottenham Court Road and Hampstead. Amongst the records of the company there is an old collector's book, dated 1762, in which rents were received from houses in the following localities. St Ann's Court, Broad St., Denmark St., Dudley Court, St Giles, Kentish Town, King St., Queen St., Russell St., Soho Sq., Tottenham Court Road, Tyburn Rd., Wardour St., Windmill St.

In 1700 the company became involved in a law-suit with a number of the residents at Hampstead, who complained that the operations of the undertaking had deprived them of water-rights they had previously possessed. It soon became apparent that, owing to the period which had elapsed since the original act had been granted and the interval during which the rights of the City had been in abeyance, the whole question was very obscure; and the complainants, in endeavouring to define their grievances, began to dispute amongst themselves. The result was a long and involved Chancery suit, and the original complaint

[1] MS. Articles made, concluded, and agreed this 26th January in the fourth year of our Sovereign Lord and Lady William and Mary...between Samuel Tucker and William Paterson of London, Merchants, and Israel Hayes of London, Gentleman, as well for themselves as all others who shall by or under them or any of them be admitted partners in the grant, undertaking and things hereinafter declared: in Transfer Book A of the Hampstead Aqueducts. (I am much indebted to Mr George Hakewill, of the Hampstead Aqueducts Office, 8, Staple Inn, London, W.C. for his kindness in placing all the documents relating to this company at my disposal. It is on these papers that the following account of this very interesting company is based.)

[2] *Angliæ Tutamen*, p. 27; Anderson, *Annals of Commerce* (ed. 1790), III. p. 159.

against the company was not passed[1]. While this litigation was impending and while the success of the undertaking was still distant, the price of the shares appears to have been low. William Paterson had become liable for a large sum of money to the Darien company, and his shares in this and other companies had to be sold[2]. The holding in the Hampstead Waterworks disposed of was one of twenty shares for which, in the books of the Darien company, a payment by the broker of £250 sterling is acknowledged. A subsequent remittance of £50 by the same person probably relates to this transaction, so that it may be assumed that the shares were sold at £15 each[3]. Although this price was 25 per cent. below par, it was higher than that realized during the period of depression experienced by water companies from 1812 to 1815.

From 1700 to 1761 there is scarcely any information as to the fortunes of the company. About 1726 its office was totally destroyed by fire, and none of the papers were saved. The earlier part of the eighteenth century was a time of keen competition amongst London water companies, and the district of each was subject to invasion by its rivals, so that it was far from easy for the recently established companies to make profits. By 1762 the Hampstead company paid "an eighth" dividend of 5*s.*; but; whether this was the eighth from the foundation of the company or from the burning of the papers, does not appear. From 1762 down to the present day, dividends have been paid regularly each year.

For the eleven years from 1762 to 1772 a distribution of 5*s.* per share was made annually. This was only 1¼ per cent. on the original nominal amount of the share. As the company was capitalized (by a method to be explained below) the payment per cent. was less. For the next nine years, from 1773 to 1781, the annual dividend was 10*s.* per share, or an average of 7*s.* 6*d.* during 20 years from 1762. Then for the two years 1782 and 1783 there was a relapse to 5*s.* per share. From 1784 to 1798, 7*s.* 6*d.* was paid and from 1799 to 1801 the distribution was again 10*s.* From 1802 to 1829 the dividend rose, and by 1830 for the first time 20*s.* per share was paid, or a return of 5 per cent. on the nominal amount of the share. But, during the 138 years the company had been in existence, large sums had been set aside to form a reserve fund and for expenditure on capital account. According to a balance-sheet of the year 1834 there was an investment of £11,000 in 3 per cents. at 91, and it appears to have been the custom of the directors to charge 10 per cent. annually of all new works to revenue.

[1] Park, *History of Hampstead*, p. 74.

[2] *Vide supra*, II. p. 219.

[3] *The Life and Writings of William Paterson*, by S. Bannister, London, 1858, II. p. 269.

The following is a copy of this document, which is of considerable interest, as showing the basis on which the capital account of the company was compiled:

Balance-Sheet of the Hampstead Aqueducts for 1834.
(From the Minute Book beginning May 4th, 1832.)

			£ s. d.	£ s. d.
1834.	March 31.	By works producing rental (deducting empty houses) ...		2,897 0 0
		Deduct ordinary expenses ...	1,394 0 0	
		,, extraordinary expenses	202 13 0	
		,, 10 °/ₒ on expenditure of £2,285. 12*s.* on new works	228 10 6	1,825 3 6
				1,071 16 6

	£ s. d.		£ s. d.
1834. March 31.		1834. March 31.	
To dividends unpaid ...	76 0 0	By £1,071. 16*s.* 6*d.* at 10 years' purchase...	10,718 5 0
To adjustment of fine to the City of London	792 5 6	By stock on hands (estimated)	150 0 0
To balance divided into 600 shares, giving per share, £34. 11*s.* 4½*d.*	20,741 10 3	By £11,000 3 °/ₒ stock at 91	10,100 0 0
		By cash	641 10 9
	£21,609 15 9		£21,609 15 9

Probably a few years earlier the amount invested in government stocks was larger, for in 1833 a well had been sunk on Hampstead Heath and an engine erected to raise the water for supplying the town of Hampstead, where, hitherto, the inhabitants had been dependent on a water cart, the driver of which charged them ½*d.* per bucket-full. This well provided 200,000 gallons per day and the water was stored in eight reservoirs between Hampstead and Highgate[1].

The great obstacle hitherto to the success of the company had been the scantiness of the supply it could provide, and, with the addition of this new source, its business developed rapidly. The dividend of 20*s.* per share was continued till 1837. By 1841 it had risen to 30*s.* and by 1844 to 40*s.* Thus it was only after the company had been in existence for more than a century and a half that a dividend was paid, which might be considered reasonable, taking into account the capital provided from revenue. In fact at this period it is probable that, if the shares had been valued relatively to the total existing assets, the return would not have been much more than 5 per cent. From 1844 to 1851 the dividend continued to improve, reaching a distribution of

[1] Matthews, *Hydraulia*, pp. 13, 14.

50*s.* per share in the latter year. The improvement in the condition of the company is shown more by the price of the shares than by the dividends. From 1812 to 1815 transfers had been made at £12 per share or very greatly below par. In 1732 sales were recorded at £17 and £20 and at £25 in 1733, falling to £20 in 1835. By 1848 the average of these prices had been doubled, a transfer having been made in that year at 40. Ten years later (*i.e.* in 1858) the price had again more than doubled rising to 90, and from 1859 transactions have taken place at 100 or over. The advance in the price of the shares in 1858 and 1859 was due to the transfer of the undertaking to the New River company. The Hampstead Aqueducts formed a wedge, driven into the New River district. The supply, that was available for the former, was limited, and thus the directors could not expect a great expansion in business. Therefore, increased profit might only be anticipated in the unlikely event of a great rise in rates. It follows that it was to the advantage of both companies to effect a working agreement, which took the form of the New River company leasing for ever the works of the Hampstead Aqueducts, subject to a payment of a yearly rent of £3,500, which admits of a dividend annually of £5. 10*s.* free of tax on each Hampstead Aqueducts share. The latter company continues to exist, in its corporate capacity, for the division of the rent amongst its members, which was supplemented from time to time by occasional bonuses from a surplus fund, which is now (1908) devoted to the payment of the largely increased Income tax[1].

Summary of the Capital and Dividends of the Hampstead Aqueducts.

Original Capital 600 Shares of £20 each = £12,000.

Prices of Shares and Dividends.

Year	Price of shares	Dividend per share
1700	15[2]	
1692—1761	—	At least seven dividends were paid before 1762
1762—1772	—	5/-
1773—1781	—	10/-
1782—1783	—	5/-
1784—1798	—	7/6
1799—1801	—	10/-
1802—1810	—	12/-

[1] £3,500 a year, divided among 600 shares would give £5. 16*s.* 8*d.* per share, but 6*s.* 8*d.* a share is now (*i.e.* in 1909) required for the payment of Income tax (=5*s.* 6*d.* a share) and the expenses of rent, management, etc. (=1*s.* 2*d.* a share). Mr Hakewill has supplied me with this statement of the present position of the company.

[2] Bannister, *Life of William Paterson*, II. p. 269.

Year	Price of shares	Dividend per share
1811—1817	12	14/-
1818—1829	—	16/-
1830—1837	17—25	20/-
1838—1840	—	25/-
1841	—	30/-
1842—1843	—	35/-
1844—1846	—	40/-
1847—1850	40	45/-
1851—1858	90	50/-
1859—1862	100[1]—105[2]	55/- (half-yearly) guaranteed by New River company with occasional additions

[1] In 1859 and 1862.

[2] In 1859. A transfer was made in 1871 at 103, in 1890 at 135, in 1896 at 207.

SECTION II. THE LONDON BRIDGE WATER WORKS (FOUNDED 1582). THE CITY CONDUITS COMPANY (FOUNDED ABOUT 1693). AMALGAMATED IN 1703 AS THE LONDON BRIDGE WATER WORKS COMPANY (1703–1822).

BESIDES the various conduits bringing water to the city, there were several inventions, in the latter part of the sixteenth and all through the seventeenth century, to force Thames water to a sufficient height to enable it to flow by pipes to the houses in the vicinity. One of the earliest and the most remarkable of these was a force-pump, invented by Peter Morice and established on London Bridge in 1582. Morice took advantage of a peculiarity in the construction of the bridge, as it existed in his day. Through the small size of the arches and the thickness of the piers, at certain states of the tide, there was a considerable fall of water. Morice's idea was to utilize this to drive a wheel which worked a force-pump[1]. He was able to demonstrate the feasibility of this invention, by forcing water over an adjoining church spire, and he made an agreement with the Council under which he obtained the use of the first and second arches on the north side of the river for 500 years from November 24th, 1582, at an annual rent of 10*s*.[2] Morice was compelled to establish his enterprize at his own cost, since it was noted in 1593 that "no great man or magistrate" would open his purse to help him, the invention not being considered "sensible[3]."

In the year 1633 the London Bridge Water Works supplied the southern portion of the City as far as Gracechurch St. Morice and his successors had the advantage, over other proprietors of engines, that

[1] The wheel, as it existed at a later period, is illustrated in *Hydraulia*, p. 28. There are several old engravings of London Bridge and Morice's wheels inserted in a MS., preserved in the Guildhall Library, "A Short Account of the London Bridge Water Works and Memorandums relating to their Business."

[2] *Chronicles of London Bridge*, by an Antiquary [Richard Thomson], London, 1827, p. 556.

[3] *A Briefe Apologie of Certaine New Inventions whereof there hath bene a publicke View taken in London* [1593]. Coll. Broadsides Soc. Antiq., No. 91.

they did not need to provide horses for working their pumps, but the area to which water could be supplied was somewhat restricted by the rise of the ground, which precluded the water from being pumped so as to find its way to houses in the higher districts. Therefore, as far as can be discovered, the Morice family had a steady business but one which had natural limits to its growth beyond a certain point, and, during the first half of the seventeenth century, the concern was fairly profitable. In the Great Fire the pumping-station was burned down, and the third generation of the family, engaged in the water-supply undertaking, found some difficulty in obtaining capital to erect new works. They eventually succeeded in borrowing £2,000 on the security of the income to be derived in future from the business, but they complained that, while the rebuilding was in progress, the New River company had laid pipes into the part of South London they had been accustomed to supply. Accordingly in 1667 they presented a petition, asking that the New River company might be restrained from doing so[1]. From the re-erection of the pumping station until the Revolution, the proprietors continued to succeed, as is shown by the numerous imitations of their system during the latter part of the reign of Charles II. The somewhat reckless promotion of water companies from 1692 to 1695 no doubt caused serious competition, and thus, when an offer was made for the sale of the works in 1703, the Morices were prepared to accept it.

This offer was made by one of the recently established rival companies, which had been formed about 1694 by a banker, named Richard Soames. Like the Hampstead Aqueducts, other conduits had fallen into a condition of bad repair. When the City Council had become discredited over the mismanagement of the Orphans' Fund[2], an act for the relief of the orphans was passed, which provided that, besides charging the city lands with £8,000 a year, the rent accruing from any future aqueduct should be allocated towards making good the deficiency[3]. Under the spur of this legislation, the Council seems to have been disposed to receive offers for the construction of new conduits, or the handing over of disused ones to persons who would form a company and undertake to pay a certain rent. Soames obtained a lease of the conduits from Paddington, Marylebone, Islington, Hoxton, Hackney and Dalston, and he established a city office at the Black Horse against Poultry Compter. He, with a number of others, who

[1] State Papers, Domestic, Charles II., CCXXIX. 162; *Calendar,* 1667–8, p. 132.

[2] *A Collection of the Debates and Proceedings in Parliament in* 1694 *and* 1695 *upon the Inquiry into the late Briberies and Corrupt Practices,* London, 1695, pp. 11–18, 92–6.

[3] *Statutes,* VI. p. 464.

contributed the capital necessary for the extension of mains and the laying of service pipes, formed a company known as *the City Conduits*. There are no details available as to the organization of this company, but in all probability its constitution resembled that of the Hampstead Aqueducts. In July 1694 the service pipes were being laid into houses, and Houghton records his impression that the new company would "make us abound with, not only useful, but more pleasant waters than ever[1]." In the following September the company advertized that "the water would wash very well, and is as fine as any other whatever and much finer than most[2]." It was announced, too, that in the case of any four persons, who lived within a distance of not more than 100 yards from an existing pipe, agreeing to take this water, service pipes would be laid into their houses. A few months later another advertisement appeared, which described the merits of the water in more glowing terms as "those fine conduit waters, which have been greatly esteemed and desired by all and by long experience approved the best for washing and for all other uses and have served the whole City for many hundreds of years, being now settled by act of Parliament for the benefit of the orphans[3]." A subsequent notice to intending consumers mentions the chief districts into which mains had been laid. There were six pipes, one starting from each of the following collecting places—Paddington, Marylebone, Islington, Hoxton, Hackney and Dalston. These were continued to Aldermanbury, Bond St., Broad St., Bun-hill Fields, Charing Cross, Charles St., Cheapside, Coleman St., Cornhill, Duke St., Fleet St., Fore St., Germain St., Green St., Grub St., King St., Leicester Sqr., Lothbury, Lombard St., Ludgate Hill, Ludgate St., Moorfields, Old Bailey, Pall Mall, Panton St., Piccadilly, Poultry, Spitalfields, St Albans St., St Bartholomew's Lane, St James' Market, St James' Sqr., St James' St., St Paul's Church Yard, Strand, Threadneedle St., Whitechapel, Wormwood St. It was added that more pipes were being laid daily and would be continued into other streets at the request of consumers[4]. This list is not only of interest from its full record of places supplied, but also as showing the widespread competition fostered by free enterprize. Several of the places named were also supplied by the Hampstead Aqueducts, others again were within the districts of the New River, the Thames and the York Buildings[5] companies. In the struggle to attract consumers, the City Conduits offered more favourable terms than had been given by the New River

[1] *Collections*, No. 103 (July 20, 1694).
[2] *Ibid.*, No. 112 (Sept. 21, 1694).
[3] *Ibid.*, No. 126 (Dec. 28, 1694).
[4] *Ibid.*, No. 133 (Feb. 15, 1695).
[5] Owing to the York Buildings company having carried on other enterprizes besides that of water-supply, the account of it is placed with that of similar undertakings in Division XII.

company. Both undertakings did not guarantee to supply water at a greater pressure than would enable the basements of houses to be connected. The New River had been in the habit of requiring a deposit from new consumers (called a fine), as well as the signature of an agreement to take the supply for a number of years. This document was called a lease, and a fixed rent was charged irrespective of the quantity consumed[1]. At the end of the seventeenth century both the New River and City Conduits charged about 24*s.* a year rent, but the latter exempted its consumers from the payment of a fine or the signing of a lease[2]. It is on record that this concession by the City Conduits had produced "a great fall in the actions of the New River company" by 1695[3], and probably the older enterprize retaliated. In 1697 the City Conduits made an attack on the New River company by the publication of the following advertisement—"in winter or rainy weather 'tis good for all folks to watch their waters to try whether the City Conduits waters be not very clear and most fit for drinking and all other uses[4]." Although the New River is not mentioned by name, the innuendo (that the water supplied from it was muddy) is confirmed by other contemporary evidence—for instance Strype asserts that the London Bridge company's water "became clear sooner than New River water and was ever a clearer water[5]."

During the next five years the City Conduits continued to attract consumers to the detriment of the New River company and the proprietors of the London Bridge works. The latter decided in 1703 to sell their undertaking to Soames for £38,000[6]. This agreement was signed on June 29th, 1703[7], but Soames had previously negotiated through Morice for a lease of the fourth arch of London Bridge for 381¼ years from August 24th, 1701, at 10*s.* a year rent and £300 fine[8]. This lease, like that made in 1582, was due to terminate in the year 2082. Soames thus obtained possession of the first, second and fourth arches of London Bridge on the northern side. The third arch had been leased by the City at an early period as a wharf and could not be acquired at this date. An agreement was also made with Sir Benjamin Ayloff, under which £300 a year was paid for the use of the adjoining

[1] An original early New River "lease" is preserved at the Guildhall Library, MSS. No. 191. In this case the "rent" was 51*s.* per annum for a ½-inch pipe.

[2] *A New View of London,* by E. Hatton, 1708, p. 785.

[3] *Angliæ Tutamen,* p. 27.

[4] Houghton, *Collections,* No. 234 (Jan. 24, 1697).

[5] Stow, *Chronicle* (ed. Strype, 1754), I. p. 27.

[6] *Ibid.,* p. 28.

[7] Copy Deed of Covenant from New River company to the Proprietors of the London Bridge Water Works in vol. IV. of "MS. Papers Relating to Water Companies," Guildhall Library, London.

[8] *Chronicles of London Bridge, ut supra,* p. 556.

site on the river bank, known as Broken Wharf. On this two engines were working in 1708[1]. Thus in 1703 Soames and his partners had the City Conduits and the London Bridge Water Works under their control, and they were spending capital freely in developing these various undertakings. In addition, a further supply from Marylebone, originally established by the City, was acquired. This conduit had been let, on the passing of the Orphans' act, at an annual rent of £700, one year of which was payable in advance with a fine of £5,650. This price was found burdensome, and the lessees were discharged from the bargain. Soames, thereupon, acquired this undertaking also at the same rent, but without the fine[2].

The capitalization of this extensive system was accomplished by the formation of a new company known as *the London Bridge Water Works Company*, the management of which was in the hands of a governor and nine assistants. The capital in 1703 was £150,000, divided into 300 shares of £500 each. Subsequently, each share was divided into five, so that, instead of 300 shares of £500 each, the number became 1,500 shares of £100 each, and this division was continued during the remainder of the company's history[3].

The energetic management, that had marked the amalgamation of the different systems, now united as the London Bridge undertaking, was continued. The mains were extended and the Bridge works were enlarged. In 1708 there were thirteen engines at work, and at that date Goodman's Fields, the Minories, Houndsditch, Whitechapel and Birchin Lane were supplied from the Thames[4]. In 1718, and again in 1743, efforts were made to secure the third arch of the bridge but this was not acquired until 1761, and the lease in this case also was renewed so as to terminate in 2082[5]. In 1765 negotiations were entered into for the fifth arch, which were continued for a number of years.

For a considerable period after the formation of the London Bridge company, it appears to have been very successful and to have been a dangerous rival to the New River. Dividends were announced in the advertisements of meetings in the *London Gazette* for 1710[6], and about 1778 a reserve fund of £15,000 nominal in government stocks had been formed[7]. This was only 10 per cent. on the capital and was smaller in proportion than the reserve and depreciation funds of the New River and Hampstead Aqueducts.

[1] Hatton, *A New View of London*, p. 791.

[2] Stow, *Chronicle* (ed. Strype, 1754), I. p. 29.

[3] Deed of Covenant between the New River company and the Proprietors of the London Bridge Water Works, *ut supra*.

[4] Hatton, *A New View of London*, p. 791.

[5] *Chronicles of London Bridge*, p. 556.

[6] *E.g.* Nos. 3962, 4729.

[7] MS. Short account of London Bridge Water Works [Guildhall Library], f. 21.

Towards the end of the eighteenth century the company had to face the loss of supply from the various conduits, since the collecting areas had become converted into building ground by the extension of the suburbs. As time went on, the Thames became a less and less desirable source of supply; and, when the height of buildings in the city increased and water was required on the higher storeys, the machinery at London Bridge was no longer able to generate the power required. For these reasons, by 1790, the dividend was 3 per cent. and the price of the shares 70. From 1794 to 1797 the dividend fell to 2 per cent., rising to 3 per cent. from 1798 to 1811[1]. After 1810 the demands on the company for very large capital outlay, if it was to hold its own, proved to be beyond what the shareholders could provide. Not only was more powerful machinery required to increase the pressure, but the action of the New River company in laying down iron pipes, in place of the wooden ones previously in use[2], forced other companies either to follow its example or work at a disadvantage. The company was either unable or unwilling to adopt any improvements, beyond introducing an iron wheel to replace one of the wooden ones of the old type; and, once the rebuilding of London Bridge was decided upon, it was seen that the company would find it difficult to carry on its business. Had it decided to stand on its rights, the erection of the new bridge might have been considerably delayed, since the company's lease could not have been terminated, without compensation, until 2082. On the whole, the company was well-advised in the decision it came to, namely to retire from business, provided it could obtain a fair price for its property and rights. The New River company was at this date in a strong financial position and, after some negotiation, it offered, in consideration of the transfer of the greater part of the mains of the London Bridge company, to guarantee the same dividend that had been paid from 1818 to 1820, namely 2½ per cent., during the remaining 260 years the leases had to run from 1822[3].

Once this covenant had been signed and the property of the company disposed of, there was no reason for its continued existence and it was accordingly dissolved by an act of Parliament 3 George IV.

[1] *Reports from Parliamentary Committees Session* 1821, v. p. 201.

[2] *Vide infra*, p. 26.

[3] Deed of Covenant between the New River company and the Proprietors of the London Bridge Water Works, *ut supra*.

Summary of the Capital, Dividends and Prices of Stock, London Bridge Water Works Company.

Capital £150,000 in 1,500 Shares of £100 each.

Prices and Dividends.

Year	Price of shares	Dividend per cent.
1790[1]—1793	90	3
1794—1797	—	2
1798—1811	—	3
1812	—	$2\frac{3}{4}$
1813—1815	—	$2\frac{1}{2}$
1816—1817	—	$2\frac{3}{4}$
1818—1820	50	$2\frac{1}{2}$
From 1822	—	$2\frac{1}{2}$[2]

[1] Prior to 1790 numerous dividends were paid.
[2] Guaranteed by New River company until the year 2082.

SECTION III. THE GOVERNOR AND COMPANY OF THE NEW RIVER BROUGHT FROM CHADWELL AND AMWELL TO LONDON (1609).

THE foregoing accounts of the Hampstead Aqueducts and London Bridge undertakings show the progress of two typical methods of supplying London with water; the former representing the system of conveying spring water in pipes from higher ground and the latter that of pumping it from the Thames. The utility of each was limited, in the one case by the smallness of the supply and in the other by the limited powers of the force-pumps, available in the time of Elizabeth and the Stuarts. When it is considered that in 1590 the population of London was 160,000, it will be seen that, even then, it had become necessary to augment the supply by bringing it from a distance[1]. As early as 1577 a plan had been proposed for drawing water from the Lea and making a conduit to bear it to London[2]. Towards the end of the reign of Elizabeth the Corporation obtained parliamentary powers, similar to those contained in the act authorizing the Hampstead Aqueducts, enabling it to convey water to the City from any part of Middlesex or Hertfordshire[3]. No record remains of any effort being made to formulate a definite scheme, and it was not till early in the reign of James I. that a possible source of supply was selected and consideration given to the engineering problems involved. In 1605 an act was passed, empowering the Corporation to acquire land, sufficient to excavate a trench for bringing a fresh stream of running water from the springs of Chadwell and Amwell in Hertfordshire. This measure provided machinery for the settlement of the price to be paid landlords for the ground to be acquired, and it bound the undertakers to provide bridges for the public to cross the canal, where such were necessary[4]. A survey was made soon afterwards; and, in deference to the views of the proprietors through whose lands the cutting was to

[1] Anderson, *Annals of Commerce*, II. p. 235.

[2] *Calendar Treasury Papers*, 1547–80, p. 569.

[3] Matthews, *Hydraulia, ut supra*, p. 43.

[4] 3 James I., c. 18.

be made, it was enacted in 1606 that the stream should be enclosed in "a vault" of stone or brick[1]. This proviso would have increased the cost of the work so much that the Corporation did not avail itself of its statutory powers.

After a delay of two years, when it was recognized that the Corporation would take no steps in the matter, Hugh Myddelton or Middleton proposed that, on a transference of the acts being made to him, he would undertake to construct the required channel, within three years from the date of the signature of the agreement. Accordingly, on March 28th, 1609, a preliminary covenant was executed and a more formal indenture on April 21st of the same year, followed by a third dated March 28th, 1611[2].

Middleton underestimated the cost of acquiring the land necessary for the channel. Although he had compulsory powers for taking ground, the owners impeded him in several ways, and many of them endeavoured to obtain abnormally high prices for the portions of the estates, purchased compulsorily. Thus the opposition to the progress of the work was "very strong[3]," indeed in 1610 a bill was promoted in Parliament to repeal the acts under which the construction of the channel was proceeding. It was objected that the navigation of the river Lea would be hindered, mills and meadows decayed and the adjoining lands impoverished[4]. To this it was replied that the enterprize would be highly beneficial to the health of the City, in giving wholesome water to the poor; it would also be advantageous in cleansing the sewers, cooling the streets in hot weather, for extinguishing fires, besides being convenient for cattle[5]. On the one side it was argued that the City should not have transferred its powers to a private *entrepreneur*; while upon the other it was contended that, if he proceeded with the work after the Council had refused to undertake it, his success would be all the more creditable. Besides, attention was drawn to the injustice to which Middleton must be subjected, were the parliamentary powers cancelled, since he had already expended considerable sums and at the date of the controversy was employing 1,700 men[6]. Though the bill was not passed, the opposition was sufficiently powerful to cause delay,

[1] 4 James I., c. 12.

[2] Matthews, *Hydraulia*, p. 45; *London and the Kingdom*, by Reginald R. Sharpe, 1894, II. p. 21.

[3] Copy of the Charter of the New River company: Guildhall Library MSS., No. 190, printed in *The London Water Supply, A Retrospect and a Survey*, by R. Sisley, 1899, Appendix.

[4] Objections against the New River: MS. Tanner (Bodleian Library), 98, ff. 48, 49, State Papers, Domestic, James I., LXXVIII. 106.

[5] Benefits of the Proposed New River: MS. Tanner, 98, f. 47.

[6] The State of the Case concerning the Waterwork: MS. Tanner, 98, f. 113.

and on February 27th, 1611, Middleton was forced to apply for an extension of time to complete the work.

The attempts made to impede the progress of the enterprize are probably not without bearing on the next important event in the history of the New River. This was the execution of agreements on November 1st, 1611, and May 2nd, 1612, whereby the Crown, by undertaking certain financial responsibilities, acquired a moiety of the whole undertaking. There is reason to doubt whether the account, given of the motives which led to this transaction, is altogether complete. It is said that Middleton had found the cost of construction much larger than he had expected, and that, after selling shares, his resources were exhausted and hence he was compelled to appeal to James I. for financial assistance. It will be shown below that the whole original capital expenditure was surprisingly small[1], and it would not have been outside the capabilities of even a small company. Still more significant is it that it does not appear that Middleton sought monetary assistance from the City Council, to whom it might have been expected he would have first applied[2]. Moreover, from the state of the Exchequer at this time[3], it is certain that no unhesitating reliance could be placed on any financial promise made by the Crown, and therefore, on the whole, it seems probable that the main motive for the agreement was the necessity of securing the intervention of the King, in order to overcome the objections of powerful landowners whose estates were to be intersected by the channel.

The indentures between James I. and Middleton provided that the latter should convey one-half of the whole enterprize to the Crown; the King, on his part, undertaking to pay Middleton one-half of all the outlay already incurred and to provide one-half of such funds as were needed to complete the work[4]. It follows then that the whole enterprize was divided into two equal moieties (and similarly the capital expenditure from the beginning till completion) and that one of these was assigned to the King and the other to Middleton. Further, it was not long before the second moiety was sub-divided into thirty-six parts or shares and these, as will be seen, constituted the New River company[5].

Once the support of James I. had been secured, the construction proceeded rapidly, and the New River water was admitted into the reservoir at Islington on Michaelmas Day, 1613. Though the main

[1] *Vide infra*, pp. 21, 31. [2] Sharpe, *London and the Kingdom*, II. p. 23.

[3] *Vide supra*, Part I., Chapter VII.

[4] Indenture between James I. and Hugh Myddleton, May 2, 1612: State Papers, Domestic, Close Roll, No. 2,115 (10 James I., Pt. 5).

[5] *Vide infra*, p. 22.

capital expenditure had been finished by this time, Middleton experienced considerable difficulty in obtaining the calls, due on the King's moiety, from the Exchequer. It is true that orders were punctually made, as each considerable section of the channel was finished[1], but a considerable period elapsed before all of these were duly honoured, the final payment only having been made on September 22nd, 1617. There is a complete account of the total sums handed to Middleton, which was made up in 1631, consisting of sixteen separate payments (the first of which was made on August 26th, 1612) varying from £1,000 each down to £242. 19*s.* 5½*d.*, and amounting in all to £9,262. 9*s.* 6*d.*[2] This fixes the initial capital outlay which may be detailed as follows:

Original Capital Expenditure on the New River.

	£	*s.*	*d.*
The King's Moiety	9,262	9	6
The adventurers' moiety, consisting of 36 shares of a par value of £257. 5*s.* 9⅝*d.* each	9,262	9	6
Total of both moieties	£18,524	19	0

Considering the later history of the New River, this result appears to be almost ridiculously small. Further too, it is much below a number of estimates, framed on various bases, about the beginning of the nineteenth century. According to the figures, given by the company, the original cost of construction was at least £500,000. This calculation was issued in *an Address to Occupiers of Houses*, during a period of somewhat acute controversy on the water-question[3]; and, in view of the circumstances, it would be unreasonable to expect greater exactitude than in the electioneering address of a candidate for a seat in the House of Commons. William Matthews, writing in 1835, places the original cost between £100,000 and £200,000[4]. Possibly the excess of these estimates, over the actual original expenditure, is accounted for, partly by their neglecting the lower scale of wages in the first quarter of the seventeenth century, partly too by the tendency to endeavour to arrive at the expense of reconstructing the undertaking, rather than to

[1] *Issues of the Exchequer being payments made out of his Majesty's Revenue during the Reign of James I.*, by Frederick Devon, 1836, pp. 156, 172, 190.

[2] State Papers, Domestic, Charles I., CCI. 22; cf. *An Abstract or Brief Declaration of the present State of his Majesties Revenew, with the Assignations and Defalcations upon the Same*, 1651, p. 15; *History of England*, 1603–16, by S. R. Gardiner (edition 1863), II. p. 420.

[3] *Reports from Parliamentary Committees*, Session 1821, V. p. 75.

[4] Matthews, *Hydraulia*, p. 57. There is a calculation, starting from the terms of the assignment of the King's moiety to Middleton in 1631, in "Papers relating to Water Companies" at the Guildhall Library, vol. IV., which estimates that the value of the share at that time, for the purpose of this transfer, was taken at £280.

discover the outlay on making it as it was in 1613, from which date onwards large sums were disbursed in improvements. However this may be, it is important to notice that the original capital expenditure of £18,524. 19*s*. can be supported to some extent from contemporary and independent sources. Taking the number of men employed by Middleton, the time of construction and the rate of wages, the sum so arrived at, as spent on labour, would leave an ample margin to meet the cost of the acquisition of land and other expenses. Further, there is the positive information that the whole expenditure on the first ten miles of the New River was £3,000[1]. This was approximately one-quarter of the total length, but it is to be remembered that land would rise in value nearer to the city, and that provision must be made for the supply of mains and service pipes, also for the loss of time before James I. countenanced the undertaking, so that, allowing for these considerations, the recorded figure of £18,524. 19*s*. would, on this basis, just about suffice for the completed enterprize.

Not only was the assistance of James I. important in enabling the New River to be finished, but it was helpful in many ways during the earliest years of its history. On the one hand he supported the venture in which he was interested; while, on the other, he discouraged rival concerns. Further, the citizens were urged to use the New River water in their houses, and in 1617 the King again aided the partners of Middleton in certain transactions relating to a water-house at Dow-gate, besides impeding another source of supply, which had been proposed at Southwark[2]. A more signal mark of the royal favour was manifested by the grant of a charter of incorporation on June 21st, 1619. This document is unique, since it was obvious that James I. could not incorporate himself, and therefore it applies only to the thirty-six original shares into which Middleton's moiety was divided. The owners of these comprised the corporation which was entitled *the Governor and Company of the New River brought from Chadwell and Amwell to London*. This grant recapitulates and confirms the powers, conferred on the City, and sanctions the transfer of them to Middleton. In the preamble, it is explained that, by reason of difficulties and delays, the charge had been greater than was expected and that Middleton had been forced to assume partners. Although the New River water had been available for some years, the supplying of it had not as yet yielded the profits anticipated, "partly from expenses daily arising far greater and heavier than were expected, partly from want of government."

[1] The State of the Case concerning the Waterwork: MS. Tanner, 98, f. 113. The same statement (*i.e.* that the first 10 miles cost £3,000) also occurs in the Repertory of the City, *vide* Sharpe, *London and the Kingdom*, II. p. 22.

[2] *A History of Private Bill Legislation*, by F. Clifford, 1887, II. pp. 73, 74.

It was, ostensibly, to remedy the latter defect that the charter was granted. It ordained that the officials of the company should consist of a governor, deputy-governor and a treasurer. At all general meetings five shareholders or adventurers constituted a quorum. It was also declared that no person or persons, other than the company, might "bring any river to London," without its consent[1]. In 1621 a bill was promoted to confirm the privileges of the company. Another effort was made in 1623, and again in 1642, to obtain parliamentary sanction of the transfer of the powers granted to the City, but without success[2].

The earliest information of the return from the New River consists of the income received by the Crown on its moiety in 1623, which amounted to £325[3]. This would give a dividend of a little over £9 on each adventurer's share, being a yield of under 4 per cent. on the original nominal value; that is only about one-third of the return which might have been expected on an investment of a similar degree of risk. Though exact particulars are not procurable, it can be shown that income had accrued since 1615, for as early as that date there were arrears of water-rents. The next light obtainable on the financial status of the concern covers the years immediately preceding 1631. Charles I. had now entered on his career of personal government and, owing to his difficulties with Parliament, was anxious to "improve" his revenue. Most of the "branches" were investigated, in order to discover where an increase might be obtained, and, amongst these, was the King's moiety in the New River. First of all, the cost of this investment was ascertained, and it is from the itemized account that the original expenditure is arrived at[4]. Further, the income was examined and, though the statement (if one was prepared, as is probable) has not been discovered, certain deductions founded on it are extant. The arrears from 1615 to 1630 were very large, being as much as £2,580. 0*s*. 8*d*. in sixteen years. Thus the Crown had lost temporarily one-half of this (or £1,290. 0*s*. 4*d*.), or at the average rate of about £85 per annum. Further, since the King's moiety did not form part of the property of the company, a special surveyor was appointed to represent the Crown, who was paid £100 a year. The income received (presumably *after* providing for this charge) "did not come one year

[1] Charter, *ut supra*.

[2] *Journals of the House of Commons*, I. pp. 611, 727, II. p. 554.

[3] State Papers, Domestic, James I., CLVIII. 59; Gardiner, *History*, 1628–37 (1877), II. p. 344. The King's moiety was subject to a charge of £100 for a surveyor, but it is to be inferred that the revenue in the text is the income before deduction of this expense.

[4] *Vide supra*, p. 21.

with another to £300," so that, while the accounts showed a credit of approximately £485 in favour of the Crown, the amount of the arrears and the expense of the surveyor reduced the nett income to about £300. In view of these considerations, Charles I. expressed a wish that Middleton should "reduce his moiety into a constant revenue." The method adopted, to effect this object, was an ingenious one. The Crown conveyed its moiety to Middleton by a grant dated November 15th, 1631; Middleton, on his part, guaranteeing the Crown an annuity of £500. Middleton intended to subdivide this moiety into thirty-six shares and to charge these with an equal proportion of the annuity. Therefore the position in 1631 was that each of these new shares would be subject to a liability of £13. 17*s.* 9¾*d.*; whereas the average dividend, on the adventurers' shares for some years before, had been only about £11. 2*s.* 3*d.* In order to provide an immediate prospect of some income for the purchasers of the shares, into which the King's moiety was to be divided, it was further agreed that the Crown should grant to Middleton all the arrears due to it, and these were to become the property of the new shareholders[1]. Since further the annuity was guaranteed by Middleton, personally, it was charged on all the shares he possessed at the time the arrangement was made. It happened that some of the shares in the King's moiety had been already sold and so escaped this charge, known as the "King's Clog," which was levied on 29½ "King's shares" and 1½ "Adventurers' shares." Thus, while the clog was levied in this manner—on most of the "King's" and on some of the adventurers' shares—the former class as a whole continued to be outside the incorporation, that is, for instance, without powers of voting for the election of officials.

The speculation of taking the risk of providing the annuity to the Crown of £500 was soon justified by results. The population of London was increasing, and was returned at 700,000 in 1636[2]. The dividend on adventurers' shares had been only £14[3] in 1635 but it had risen to £33 in 1640.

With regard to the financial history of the company, it is thus evident that the disposal of the King's moiety constituted a turning point in its progress. The same remark is true of the legal status, though in this case the turning was in the reverse direction. During the reign of James I., the company had enjoyed a full measure of royal support, but in the time of Charles I. and the Civil Wars, it had to encounter the opposition of the heads of the State. James I. had discouraged rival schemes, while Charles I. fostered and encouraged

[1] State Papers, Domestic, Warrant Book, No. 30, Grant to Middleton, Nov. 15, 1631. [2] *Londinopolis*, by James Howell, 1657, p. 403.

[3] Omitting shillings and pence.

them. Thus, in 1631—the year of the sale of his moiety—he empowered Edward Stradling and his partners to convey spring water from Hoddesdon in Herts., subject to an annual payment of £4,000 to the Crown[1], and in the same year he made a grant to Edward Mainwaring (whose name is associated with a scheme for supplying Chester with water) to raise a lottery for a new water undertaking at London[2]. Again in 1641 there were two rival proposals for conveying water to London from Hertfordshire, neither of which appears to have been accomplished[3].

The most successful period of the operations of the New River company, during the first hundred years of its history, was that from the Great Fire up to the formation of numerous rival companies in 1692–3. One effect of the Great Fire was to injure the conduits, which had afforded a free, if scanty supply previously. In the rebuilding, owners of new houses would be ready, even anxious, to have supply-pipes laid in. When this opportunity came to the proprietors of water-supply undertakings, the New River alone was prepared to take advantage of it. The prudent financial methods adopted had placed the company in a strong position, while its few rivals were in embarrassed circumstances. The owners of the London Bridge works, for instance, found it an arduous matter to rebuild their pumping-station, without trying to extend their mains[4]. Another company or partnership, of which Sir William Smith and Sir John Hooke were members, had been competing with the New River company; and it was ordered on September 2nd, 1668, by the Privy Council that a committee should fix a scale of reasonable rates, so that neither undertaking should undersell the other. After more than a month no appearance had been made by Smith, and the New River company complained that this delay had hindered the laying of mains[5]. By 1680 the dividend had increased to £145. 1*s.* 8*d.* per share: this being about ten times the amount paid in 1635 and four times that of 1640. No mention of the price of the shares has been discovered relating to this time, but it would appear that any shares sold from 1680 to 1690 may have changed hands at about £4,500. At this price, the dividend, required to give a moderate return, would need to have been higher than that paid in 1680, but there is every reason to expect that it continued to increase till about 1693.

It was not long before the great growth in London water companies, towards the close of the seventeenth century, began to affect the profits

[1] *Fœdera*, xx. p. 246.

[2] State Papers, Domestic, Charles I., CLXXVII. 46; *Calendar*, 1629–31, p. 553.

[3] Matthews, *Hydraulia*, p. 32.

[4] *Vide supra*, p. 12.

[5] Add. MS. (Brit. Mus.) 15,858, f. 184.

of the New River company. The York Buildings undertaking had been established in 1675 and was transferred to a company in 1690. In the latter year, the Shadwell company was incorporated, and about 1692 the Hampstead Aqueducts and City Conduits were rebuilt by progressive companies. The remodelling of old sources of supply by Soames and the eventual amalgamation of these and the London Bridge works in 1701 were especially dangerous. He gave his consumers very favourable terms, and it is recorded that the effect of this keen competition had been to produce a great fall in the shares of the New River company[1]. In 1698 a price of about £4,000 a share is mentioned, and in 1700 there is record of a dividend of £211 per share being paid. In 1708 the shares were spoken of as "being somewhat more valuable," than had been the case recently, and the price then was about 4,500 guineas[2].

From 1700 to 1720, the profits appear to have been fairly steady; or, if there was a fall, it had been recovered at the later date, but, in view of the increase of building about London, it is a significant commentary on the effects of competition that the dividend of 1720 exceeded that of 1700 by less than £3. Thus in forty years from 1640 to 1680 the dividend had quadrupled, in the twenty years from 1680 to 1700 it was increased by one-half, and in the same period from 1700 to 1720 by only one-seventieth[3]. The next price obtainable after 1720 was mentioned in 1739 and it was £5,250. A great part of the increase, over that recorded in 1708, is to be attributed to the fall in the general rate of interest on capital.

The competition of the water companies, at the beginning of the eighteenth century, no doubt brought better terms to the consumer, but in another respect he suffered considerably. The Londoner of the present day makes many complaints, concerning the disturbance of the streets through repairs of water, gas and electric mains, but the state of the thoroughfares, owing to repairs of pipes two hundred years ago, must have been something which at present it is difficult even to imagine. All mains, at that time, were made of wood, generally of the trunks of elm trees, to which leaden service pipes were connected. The extreme life of these wooden pipes did not exceed twenty years, sometimes it was as little as three years. It often happened that the company, prior to 1810, had to lay over twenty miles of mains in a year. Another peculiarity of early water-supply arose out of the fact, that it was difficult to obtain tree-trunks that would give a sufficient bore and it became necessary to lay several sets of mains in the same street. When a leak occurred, all of these had to be examined,

[1] *Angliæ Tutamen,* p. 27. [2] Hatton, *A New View of London,* p. 792.

[3] *Vide infra, Summary of Capital and Dividends,* p. 31.

and sometimes as much as 200 yds. of roadway was opened up for nearly a month. To modern ideas this would be unbearable in a district, served by a single company; but when the undertakings, formed in the reign of William III., were competing for consumers, it happened that two or even more companies would lay mains in the same street. When all these were subject to the same rapid rate of depreciation, but requiring renewal at different times, the streets were probably more often opened up than available for traffic. The companies too suffered from their defective mains, as it was estimated that, of the water that was delivered into the mains, only about 75 per cent. found its way into the cisterns of consumers.

In order that the relation of companies to the water-supply of London may not be left in a fragmentary condition, it is necessary to continue the history of the New River company beyond the year 1720. That epoch, so full of disaster or at least of change for the companies of the time, left the *bona fide* water companies almost unaffected. It is true that, for reasons explained elsewhere[1], the York Buildings company was made a medium of extensive speculation; but this was attributable to its character of a land-development, rather than to that of a water company. Besides the New River and the York Buildings companies, there were the London Bridge, the Hampstead Aqueducts, the Shadwell and St Paul's, the Chelsea companies and a number of private undertakings. Of these the most important were the New River and the London Bridge companies, but it would be a great mistake to suppose that the former occupied the leading position that it held at the end of the nineteenth century. On the contrary, the general opinion in the time of William III. and Queen Anne was that the London Bridge company, as reorganized by Soames, was the chief water company. Allowing for the fact, that much of the capital outlay on the city conduits, incorporated into this system, had been borne by the corporation for which the company paid interest in the form of rent, it is probable that the whole capital expenditure on this undertaking was larger than that on the New River. It had the advantage of at least eight different sources of supply, which tended to diminish the cost of laying pipes, and the management had the reputation of being far-seeing and less exacting than that of the older company. Thus it required about a century for the New River to thoroughly establish itself, and it was only after the first quarter of the nineteenth century that the remarkable improvement in dividend and price of the shares began.

The recent appreciation in the shares, as a species of property, has been so remarkable that one loses sight of the slow steps by which it

[1] *Vide infra*, Division XII., Section 2 B.

has been reached, and the large number of causes which contributed to this result. Besides, the development of the undertaking in the nineteenth century was conditioned by its history in the eighteenth. The position of the supply of London, north of the Thames in 1720, was instructive. There were four companies and several individuals authorized to lay pipes and provide water. Each of them was subject to competition from one or more of its rivals, and it is doubtful whether the gain in cheapness to the consumer compensated for the inconvenience of the general public. Unless each undertaking was content to confine itself to a comparatively small area, there was bound to be competition until the stronger company had absorbed its rivals. The struggle between the chief combatants lasted for over a hundred years, and, before it was finally concluded, a new era of strife began in the nineteenth century. The conditions that made for success in the competition of the eighteenth century were partly natural advantages and partly skill in management, including prudent finance. The New River company was favourably situated in respect to its supply, but not remarkably so. The New River proper, that is the springs conveyed from Chadwell and Amwell, could not long have sufficed for the growing demands made upon them. The wisdom of the committee was shown in the early supplementing of the original supply by a new one, drawn from the Lea, and, by this acquisition, the company not only strengthened its position but made it difficult for its competitors to tap new sources on the north of London. Then in respect to capital resources, the New River and Hampstead Aqueducts acted prudently in placing themselves in a strong financial position, the York Buildings company emerged from its speculative operations almost in a bankrupt condition; and the London Bridge, while forming some reserve, had not made such liberal allocations to it as the two older companies had done.

During the fifty years after 1720 (*i.e.* up to 1770) the New River company just held its own. In that long interval the dividend improved from £214. 15*s*. 7½*d*. paid in 1720 to £255. 13*s*. 11*d*.[1] in 1770—an increase which was probably less than proportionate to the growth of population in its district. But although no gain in profitableness had been made, commensurate with the extension of building, all the conditions were in existence for great future developments at the expense of rival concerns. The New River company was in a position to increase its supply with the growth of demand, whereas its competitors were not. The extension of the suburbs rendered some of the springs no longer available; and, as time went on, water pumped from the Thames became

[1] The dividends paid from 1770 to 1827 are given in *Reports from Parliamentary Committees*, Session 1821, v. p. 206; *ibid.*, Session 1828, VIII. p. 55.

less and less desirable. Therefore, towards the close of the eighteenth century, not only did the New River obtain the custom of most of the new consumers in competitive areas, but it drew away business from some of the other companies. The effect of these causes is shown both in the growth of the New River dividend and (where information is available) in the decline of the competing undertakings. It required fifty years for the dividend on New River shares to increase (at 1770) by £40, but in the eleven years from 1770 to 1781 it advanced by nearly £90, or in other words the increase in eleven years was twice what it had been in the previous fifty. By 1788 the distribution per share was over £400, and in 1794 it was more than double what it had been in 1720, or more than half as much again as that paid in 1770. The highest payment in this series was made in 1805, when it was £486. 0*s.* 0½*d.*

After 1805 the dividend remained over £400 until 1811. In the latter year, there was an abrupt fall from £465. 0*s.* 6½*d.* to £282. 12*s.* 9½*d.* The next year, 1812, the distribution was £220. 12*s.* 2¾*d.*, in 1813 £113. 18*s.* 7½*d.* and in 1814 only £23. 2*s.* 7*d.* The latter return was probably the lowest for at least a century and was caused by a combination of circumstances. In 1810 the company had begun to replace its wooden pipes by iron ones, and at the same time there was fresh competition from newly formed companies. That of the East London company, which had been incorporated in 1807, was specially severe, and the fight was waged so fiercely, on both sides, that a series of Parliamentary Commissions were necessary to adjust the differences.

Although the events from 1810 to 1820 involved a temporary reduction of the dividend, they eventually resulted in the great success of the New River company. The completion of the recently incorporated undertakings led to the assigning of a general sphere of territory to each surviving company, while the joint effect of new capital outlay on iron mains and the excess of rivalry had been to embarrass those, that were weakest, of the older companies. Of these the least stable was the York Buildings company. Its directors, since 1719, had never paid much attention to the waterworks, their speculations in land had failed, and by 1802 the debts so contracted had been liquidated. The water-supply undertakings had long been let on lease; and when, in 1818, the New River company had an opportunity of arranging with the proprietors, it was decided to take advantage of it. The agreement made provided for the leasing of the York Buildings undertaking by the New River company for 2,000 years, on consideration of the latter paying an annuity of £250. 18*s.* 6*d.* to the holders of certain York Buildings securities[1].

[1] *Vide infra*, Division XII., Section 2 A.

When it was decided to rebuild London Bridge, the New River company acquired the London Bridge company's goodwill in 1822, by paying an annuity of £3,750 (or 2½ per cent. on the stock) for the 260 years remaining of the lease granted by the City[1]. Having made this arrangement, the New River company executed sub-contracts with the East London company and the proprietors of the Southwark Waterworks, which relieved it of £1,220 of the guaranteed annuity. In consideration of transferring to the East London company as much of the goodwill of the London Bridge undertaking as fell within the district of the former, the New River company received £160 of the annuity, payable to the London Bridge shareholders, from the East London company. On similar conditions, the proprietors of the Southwark works undertook to pay £1,060 of the annuity, so that the balance to be obtained by the New River company was only £2,530.

The last of the early companies to be acquired by the New River company was the Hampstead Aqueducts, which was leased in 1859. This undertaking had remained in a sufficiently strong financial position to be able to increase its supply by sinking a well in 1833[2]. Its dividend had improved steadily from 1801, and the New River company found it necessary to undertake to make a considerable increase on the dividends immediately before the transfer. The total annuity now payable to the Hampstead Aqueducts shareholders is £3,500. This yields £5. 10*s.* for the original £20 share, or 27½ per cent. As shown, however, in the account of this company[3], the true return is considerably less than this, owing to all capital expenditure, after the formation of the company, having been provided from undivided profits.

Some years prior to the acquisition of the Hampstead Aqueducts, the New River system, as a modern water-supply undertaking, had been welded together. The grant of a private act (which for the first time brought the company under direct parliamentary sanction) in 1852 may be taken as the outward sign of a new period in the interesting history of this organization, which falls outside the scope of this work[4].

[1] *Vide supra,* p. 16.

[2] *Vide supra,* p. 8.

[3] *Vide supra,* pp. 8–10.

[4] For the sake of completeness it may be added that the water-supply undertaking, under the Metropolitan Water Act of 1902, has been acquired by the Metropolitan Water Board. The company still exists to administer certain real property, which was not included in this sale.

Summary of Capital, Dividends and Prices of Shares.

Capital.

	£	s.	d.
Original outlay, 1607–15.			
The King's moiety (converted in 1631 into 36 King's shares)	9,262	9	6
The adventurers' moiety, consisting of 36 shares of an original nominal value of £257. 5*s*. 9⅝*d*. each, which were incorporated in 1619 as the New River Company	9,262	9	6
Total original outlay	£18,524	19	0

Dividends and Prices of Shares.

Year	Dividend on an adventurer's share, not subject to the "clog" £ s. d.	Price of an adventurer's share
1623	About 9 0 6	—
?1630	„ 11 2 3[1]	—
1633	11 19 1[2]	—
1635	14 14 3¼	—
1640	33 2 8[3]	—
1680	145 1 8	—
1698	—	about £4,000[4]
1700	211 16 7¼[5]	—
1708	—	4,500 guineas[6]
1720	214 15 7½[7]	—
1727	—	5,000 guineas[8]
1739	—	£5,250[9]
1754	—	about £5,000[10]
1770	255 13 11[11]	£6,700[12]

[1] *Vide supra*, p. 24.

[2] *History of the Parish of St Mary, Islington*, by S. Lewis, 1842, p. 428. In 1634 sufficient arrears had been collected to enable £3. 4*s*. 2*d*. per share to be paid on account of these.

[3] *History of the Parish of St Mary, Islington*, by John Nelson, 1811, p. 166.

[4] *A True copy of the several affidavits and other proofs of the largeness and richness of the mines of the late Sir Carbery Price*, p. 2.

[5] Lewis, *History, ut supra*. [6] Hatton, *A New View of London*, p. 792.

[7] Nelson, *History of...Islington*, p. 166.

[8] Lewis, *History, ut supra*. [9] Maitland, *History of London*, p. 629.

[10] *Ibid.*, p. 1270.

[11] *Reports from Parliamentary Committees*, Session 1828, VIII. p. 55. Lewis gives the dividend on a King's share in 1766 as £154.

[12] Lewis, *History, ut supra*.

SECTION IV. OTHER LONDON WATER-SUPPLY UNDERTAKINGS.

The Governor and Company of the Waterwork and Water-houses in Shadwell (patent 1681, incorporated 1691).

The Borough Waterworks, Southwark (founded about 1690).

Marchmont's Waterworks (1694).

Savory's Waterworks (about 1708).

Besides the various companies already mentioned, there were some other undertakings which, in the fifty years prior to 1720, supplied water to certain districts in London.

One of these was the Shadwell company which was originated by Thomas Neale, who about 1681 obtained a patent authorizing him to construct waterworks at Shadwell to supply the manors of Stepney and East Smithfield[1]. Neale, unlike some other patentees, had devoted himself to the work for which he had obtained privileges; and, by 1691, he had not only erected works and laid pipes into the East London district, but had, by "costly experiments," found out an improved method of supplying Southwark with water, "sweet and clear[2]." In the following year, he obtained a private act incorporating himself and his partners in the Shadwell undertaking, with the usual privileges, as *the Governor and Company of the waterwork and water-houses in Shadwell*, with the right of electing a governor and twenty-four assistants[3]. In 1754 the supply was drawn from the Thames by means of two steam-engines and distributed by mains of 7 in. bore[4]. Towards

[1] *Reports Hist. MSS. Com.*, XIV., Pt. 6, p. 33; *Journals of the House of Commons*, x. p. 679.

[2] State Papers, Domestic, Petition Entry Book, I. p. 176; *Calendar*, 1690–1, p. 497.

[3] *Reports Hist. MSS. Com.*, XIV., Pt. 6, p. 33.

[4] Maitland, *History of London*, p. 1272.

the end of the eighteenth century, the same causes that had injured other undertakings, which drew water from the Thames, affected this company; and, besides, its business was injured by the West Ham company, so that it became necessary to make a call on the proprietors[1]. For a number of years the undertaking was in an embarrassed condition and its business was finally taken over by the East London company.

Neale's petition, offering to supply Southwark with water, shows that, at the beginning of the reign of William III., it was considered there was still room for a water company south of the Thames. At the time the City authorities were disposing of the right to supply certain districts, an offer had been made by a group of partners for the privilege of working in this district at a fine of £550 and a rent of £250 a year, but they failed to find water and retired from the enterprize[2]. Thereupon William Gulston took a lease of the south arch of London Bridge and erected water-houses, besides laying great numbers of "pipes and trunks." In 1691 he was supplying the parishes of St Olave and St Saviour, and he petitioned for powers authorizing him to open streets for the laying of pipes[3]. On August 28th a warrant was signed for the preparation of a bill, granting him these powers[4]. In 1770 a steam-engine was erected to improve the pumping[5], and in 1822 a portion of the goodwill of the London Bridge company was leased by the New River company to the proprietors of these works[6].

In 1708 the inventor Savory had a steam-engine at work, which supplied a part of Southwark[7].

A somewhat interesting undertaking was one founded in 1694 by Hugh Marchant, Marchmont or Merchant, Craven Howard and a number of other persons, who had obtained the right of using all common sewers within the Bills of Mortality, excepting those in the City, to generate power for the pumping of water from the Thames. The rent payable was five nobles a year for 99 years[8]. By January 5th, 1696, the partners had erected pumping-houses near Tom's Coffee House, at St Martin's Lane and Hartshorn Lane in the Strand[9], and they petitioned for the right to lay pipes. In 1754 the power derived from the sewers was supplemented by a windmill at Tottenham Court Road Fields; and, at that date, the company owned three mains of 6 inches and 7 inches, and it was in a position to divide profits to the members[10].

1 *Observations on the Establishment of New Water Works Companies* (Guildhall Library).

2 Stow, *Chronicle* (ed. Strype, 1754), p. 29.

3 State Papers, Domestic, Will. and Mary, Petition Entry Book, I. p. 178; *Calendar*, 1690–1, p. 499.

4 *Ibid.*, H. O. Warrant Book, VI. p. 165; *Calendar*, 1690–1, p. 503.

5 *Chronicles of London Bridge*, p. 567.

6 *Vide supra*, p. 30.

7 Hatton, *A New View of London*, p. 797.

8 State Papers, Domestic, Will. and Mary, Petition Entry Book, III. p. 97.

9 Maitland, *History of London*, p. 1268.

10 *Ibid.*

SECTION V. WATER-SUPPLY UNDERTAKINGS IN PROVINCIAL TOWNS.

CHESTER. P. Mainwaring and others (1634).
NEWCASTLE. William Gray (1646).
"Folly Waterworks" (1680).
W. Soulesby (1694).
W. Yarnold (1697).
DERBY. G. Sorocold (1693).
LIVERPOOL. Water Company (1695).
Cleave Moore (1709).

OUTSIDE London there was considerable activity in the supplying of towns with water. As early as 1634, there is a record that Philip Mainwaring (who had a scheme for a London undertaking[1]) was interested, with others, in a water company at Chester[2].

There is also fairly complete information as to the early supply of Newcastle-on-Tyne. In 1583 the town was supplied by three conduits, but by 1647 there was great scarcity, owing to one of these having been declared dangerous to health, and the springs that fed the others having been impaired by the sinking of coal shafts[3]. On July 26th, 1647, the Corporation agreed to grant certain waste land, known as King's Dykes, to William Gray, in return for "his conveying water from his conduit in Pandon Bank to Sand-Gate[4]." Evidently this measure only provided a temporary relief, for in 1671 it was necessary for the magistrates to prohibit the use of taps in private houses. In 1680 Cuthbert Dikes proposed to supply the whole town by means of an engine pumping water from the Tyne. This engine was erected outside the Sand-gate[5]. Cuthbert Dikes formed a company to carry

[1] *Vide supra*, p. 25. The Christian name of the promoter of the London scheme is entered in the grant as "Edward," but there is reason to believe that the person, referred to in the text, is intended.

[2] State Papers, Domestic, Charles I., CCLXIII. 7; *Calendar*, 1633–4, p. 513.

[3] *History of the Trade and Manufactures of the Tyne, Wear and Tees*, 1863, p. 190.

[4] *The History and Antiquities of the Town of Newcastle*, by John Brand, 1789, I. p. 443.

[5] *Ibid.*, p. 444.

out his agreement with the magistrates and started operations, it is said, with a subscribed capital of £3,500[1]. The water supplied was not acceptable to the townspeople, and the undertaking was described as the "Folly Waterworks." The company transacted business for a number of years, and then leased its works to William Yarnold for £40 a year. On the failure of Yarnold's venture, the company resumed possession and carried on the concern until the great frost of 1739, when the works suffered severely, and the prospects were not sufficiently encouraging to lead the proprietors to incur the expense of making the extensive repairs which were necessary[2]. In 1827 the minute books of the company were still in existence, but all attempts to trace them have failed[3].

In 1694 there were fresh complaints of the scarcity of water, and the Council treated with William Soulesby for conveying a supply from springs at Castle Leazes[4]. In 1697 William Yarnold, who was known as the inventor of a pumping engine, brought a scheme before the Council, and on October 11th an agreement was made with him, which provided that, on his supplying the town with good wholesome drinking water, he should receive a lease for 300 years, at 13*s.* 4*d.* per annum, of all waste ground, outside the city walls but within the liberties of the town. The Corporation also granted him full powers of laying pipes, but subject to the rights of existing undertakings. Yarnold's scheme was to sink wells and raise the water by means of his engine, which was capable of raising 120 tons of water 300 feet in an hour[5]. The site, chosen for the wells, was at a place known as Waterworks Farm, about three miles from Newcastle; and, as the land required was outside the jurisdiction of the Corporation, it became necessary to apply for parliamentary powers, which were obtained in 1698–9[6]. Yarnold discovered good water and succeeded in conveying it to the City in elm-wood pipes. He found, however, that the supply failed in the summer, and he was forced to rent the Folly Works. Yarnold ultimately sold the undertaking, which was acquired by a new company formed in 1734[7].

Mention is made in 1693 of the enterprise of George Sorocold for supplying Derby with water and at that date mains and service pipes were being laid. Houghton says that it was probable "this supply would be much used[8]."

[1] *Hist. of the Trade of the Tyne*, p. 190.
[2] *Ibid.*, p. 191.
[3] *Descriptive Account of Newcastle-on-Tyne*, by E. Mackenzie, 1827, p. 725.
[4] Brand, *History, ut supra*, I. p. 445.
[5] *London Gazette*, No. 3581, March 4, 1700.
[6] *Statutes*, VII. p. 450.
[7] *Hist. of the Trade of the Tyne*, p. 191.
[8] *Collections*, No. 37, April 21, 1693.

The wave of industrial activity, that was so marked about London from 1690 to 1695, extended to Scotland and the provinces. In 1695 a group of "men from London" undertook to supply Liverpool with drinking water, obtaining from the Corporation a lease empowering them to lay pipes for 100 years. They failed to accomplish the project, and in 1709 Sir Cleave Moore proposed to bring water from Bootle. An act was obtained authorizing the acquisition of lands, but Moore failed to float the company, which was to provide the necessary capital[1]. During the remainder of the eighteenth century, Liverpool was "scantily supplied" with water by the agency of water carriers[2].

[1] *History of the Commerce and Town of Liverpool,* by Thomas Baines, 1852, pp. 349, 350.

[2] *The History of Liverpool,* 1810, p. 208.

DIVISION VII.

POSTAL AND STREET-LIGHTING COMPANIES.

SECTION I. COMPANIES FOR THE CONVEYANCE OF LETTERS AND PARCELS.

THE UNDERTAKERS FOR REDUCING THE POSTAGE OF LETTERS TO HALF THE FORMER RATES (1651–3).
THE UNDERTAKING OF THE PENNY POST (1680–2).

AFTER the Civil Wars, there was a considerable increase in the demand for postal facilities. Up to the end of the reign of Charles I., the service had not proved self-supporting; but, when Edmund Prideaux, who had been appointed Post-master in 1644, had been in office for a few years, he claimed that not only had the posts been augmented but that they were maintained without a subsidy. Though improvements had been effected, the service was not sufficient for the needs of the time, and in 1649 the Common Council of the City of London established a postal service to Scotland. The reason given for this step was the infrequency of Prideaux' mails, which were only collected once a week[1]. At this period the control of private correspondence by the State was considered of great importance, in order that information might be obtained as to the state of feeling in the country; and, on the petition of Prideaux to the Council of State, the City post was suppressed[2].

In order to secure his monopoly, Prideaux had been compelled to produce a statement of the revenue he derived from the posts, with the result that the House of Commons exacted a rent of £5,000 a year from him. The imposition of this annual payment, on the farmer, meant the continuance of rates, which might otherwise have been reduced, had the State made the latter alternative a condition in the renewal of its contract with Prideaux. It appears, then, that the standard charge for a letter would have remained at 6*d*. during the continuance of this farm. A new phase of the situation came into existence through the formation of a partnership, consisting at first of Clement Oxenbridge, Richard

[1] *The History of the Post Office*, by Herbert Joyce, London, 1893, pp. 24, 25.

[2] *The Post in Grant and Farm*, by J. Wilson Hyde, London, 1894, p. 224.

Blackwell, Francis Thomson and William Malyn, with the avowed object of reducing the rate to 3*d.*[1] and providing a more frequent service. The first four partners were soon joined by others, and they developed their postal system vigorously. It is remarkable that the new unauthorized service was not interdicted; especially, since as early as December 6th, 1652, it was proposed to borrow money, on the security of the rent payable by Prideaux[2]. The probable reason of the inaction of the executive is to be found in the fact that the new undertakers were favoured by Cromwell and his party[3].

Thus Prideaux was left to face the competition, that had sprung up, as best he could. His agents circulated notices which stated that, the new undertaking being unauthorized, letters consigned to it were subject to detention, while "the old post will pass freely[4]." Efforts were made to stop messengers employed by the new undertakers, with the result that there were frequent collisions between the post-boys of the rival services, followed by actions at law[5]. The "new post" was still continued, and Prideaux was forced to reduce his rates and to provide a more frequent service. To meet this reduction, the new undertakers adopted the *rôle* of the champions of free enterprize, contending that they were justified by "the light of nature in a free state," in opposition to a grasping and greedy monopoly[6]. They appealed to the public, stating that, as the benefit had come by their action, so its continuance depended on the success of their enterprize[7].

The bitterness of the contest now extended to the servants of the rival posts. Every messenger had to protect the letters committed to his charge from the violence of his rivals. Even outsiders joined in the fray. A son of one of the old postmasters assaulted a messenger of the new undertakers with a sword, and soon afterwards one of their men was murdered when in charge of the mails. The campaign, as conducted by Prideaux, not only included violence against his competitors but also the

[1] The former rate had been 6*d.* for a single letter for places 100 miles distant by post route from London, that of the new undertakers was 3*d.* for 80 miles and over, and 2*d.* for lesser distances.

[2] *Journals of the House of Commons,* VII. p. 226.

[3] State Papers, Domestic, Inter., LXVII. 65; *The Case of the First Undertakers for Reducing of Letters to half the Former Rates truly Stated* [Brit. Mus. $\frac{816.\text{m}.10}{57}$].

[4] *To all Ingenious People—A Second Intimation from the New Undertakers for conveyance of letters at half the rates to Severall Parts of England and Scotland* [1653] [Brit. Mus. $\frac{669.\text{f}.16}{95}$]. As far as can be discovered no copy of a first intimation is in existence.

[5] *Ibid.*; State Papers, Domestic, Inter., LXVII. 65; *Calendar,* 1654, p. 23.

[6] State Papers, Domestic, Inter., LXV. 51 (1); *Calendar,* 1653–4, p. 373.

[7] *To all Ingenious People—ut supra,* State Papers, Domestic, Inter., LXVII. 65.

forcing of their employees to observe the Sabbath, while the letters committed to him were hurried forward on the "day of rest." In spite of all obstacles, the new undertakers continued to maintain their service and, on the dissolution of the Long Parliament, they received the State-despatches, both ordinary and extraordinary. Having met with this measure of success, they published their *Second Intimation to all ingenious People*, announcing that, on and after April 28th, 1653, letters would be conveyed from London on Tuesdays, Thursdays and Saturdays. Prideaux now retired from the contest, and the undertakers took the old posthouse, provided packet-boats for the Irish service and laid plans for organizing a stage from London to Yarmouth.

The success of the partnership was destined to prove the cause of its downfall. Though Prideaux received little support from the government, the Council of State was forced to take action, when the rental from the farm of the posts was in danger of being lost. It was decided that tenders should be invited for a new farm. The undertakers showed that their whole charge and losses had been £5,146. 10*s*. 8*d*., their returns were £1,907. 14*s*. 5*d*., leaving a balance of nett loss, at this date, of £3,238. 16*s*. 3*d*.[1] They were called before the Committee of the Council of State, that had been appointed to consider the farming of the posts; and, according to their account of the interview, they were assured that they should have the refusal of the farm and that, if their offer was not accepted for any reason, they should be reimbursed their expenditure. Accordingly, the company agreed that one of the shareholders, named Benjamin Andrews, should offer a rent of £9,100 a year, which it was stipulated was to be devoted to the relief of disabled soldiers. Owing to the financial necessities of the government[2], this proviso was considered objectionable. A Captain John Manley was favoured by the Committee, but his tender was less than that of the undertakers. An arrangement was however made, under which Manley was permitted to raise his offer to the highest amount handed in. This was £10,000, and, after half-an-hour's deliberation on June 29th, 1653, the Committee accepted Manley, as farmer of the inland posts[3]. This was followed by an order to the undertakers, dated the following day, commanding them to hand over all letters to Manley at midnight[4]. The undertakers considered that they were aggrieved by this decision, since they contended that, if credit was given them for their outlay (as they said had been promised), their offer was in reality better by £2,000 than that finally made by Manley[5]. In

[1] State Papers, Domestic, Inter., LXV. 51; *Calendar*, 1653–4, p. 372.

[2] *Vide supra*, Part I., Chapter XIII.

[3] State Papers, Domestic, Inter., XXXVII. 152–8; *Calendar*, 1652–3, p. 450.

[4] State Papers, Domestic, Order of Council of State, June 30, 1653; *Calendar*, 1652–3, p. 456.

[5] *Ibid.*, LXVII. 66–8; *Calendar*, 1654, p. 25.

the brief space left them, before the order of the Council was to take effect, they pleaded vainly for a postponement of the hour of transfer, but the most that they could gain was a grudging permission to deposit the moneys belonging to the post-office in the custody of an impartial person, pending the confirmation of the Order of the Council. While this arrangement was being made, other events were in progress, which made the evening of June 30th a stirring one. Manley had mustered and armed a following, consisting of his friends and servants of the "old post." This body marched on the head-quarters of the undertakers, made a forcible entry, seized the books and ejected the clerks who had been in possession. Some of the leading shareholders had assembled at the house of one of their number in Wood Street, to which some letters for the outgoing mail had been removed. Manley, hearing of this, broke into the house, secured the letters and pursued his rivals, who were compelled to barricade themselves in a room, to which they had retreated. It was by these drastic methods that the transfer of the posts was effected[1].

The undertakers, having been forced to resign possession, endeavoured first to obtain redress, petitioning the Council of State on January 30th, 1654, but without result[2]. Afterwards, they attempted to secure a reimbursement of their outlay, but the Committee of Posts reported adversely on March 13th[3]. Technically, Oxenbridge and his partners were interlopers, who carried on an unauthorized service. Since Prideaux had been legally appointed farmer in consideration of his paying a substantial rent, he should have been supported by the executive. Such support not being forthcoming, the undertakers were able to show that there was a reasonable probability that, in time, the reduction of rates, which they had inaugurated, would result in an increase of revenue. By establishing this principle, they had performed a public service; and, after the Revolution, this was recognized in the case of one of the founders of the enterprize. Oxenbridge was then an old man in straitened circumstances, and he was allowed £60 a year from the profits of the post-office. After his death this pension was continued in favour of his widow[4].

For more than twenty-five years the history of the post-office consists first of efforts to improve the organization, and subsequently to increase the revenue obtainable (which had been settled on the Duke of York

[1] State Papers, Domestic, Inter., LXVII. 65; *Calendar*, 1654, p. 24.

[2] *Ibid.*, LXV. 51; *Calendar*, 1653–4, p. 372.

[3] *Ibid.*, LXVII. 69; *Calendar*, 1654, p. 25.

[4] Treasury Papers, XLIII. 58; *Calendar*, 1697–1702, p. 13. For a short time after the Restoration, Oxenbridge was employed in the post-office, but his name does not appear in a list of the officials compiled about the end of 1661—*The Post in Grant and Farm*, pp. 257–9. A good account of the organization of the "New Undertakers" is given in this work, pp. 225–33.

after the Restoration) on the basis of maintaining the existing rates. The increase in the number of letters in England during the reign of Charles II. was described by a contemporary writer as being "so prodigiously great that the Post-Office was farmed at £50,000 a year[1]." As yet, however, London itself was poorly supplied with postal facilities. Letters, written in one part, had to be sent to another by means of a special messenger, either by a servant or by a porter. The officials of the post-office were far from recognizing that a new class of business was waiting to be developed, and it remained for a private company to establish a local post for London. This scheme was under consideration in the closing months of 1679 and early in 1680[2]. Many claims have been advanced on behalf of different persons as being "the inventor" of the new post, which was eventually established at a penny rate. The names of three men, who subsequently became important promoters of new enterprizes, are frequently mentioned in connection with the inception of "the Penny Post." These were Hugh Chamberlain, Robert Murray or Moray and William Dockwra[3]. The adjudication between the claims, made on behalf of each, is complicated by the fact that most of the information relating to this enterprize is derived from statements furnished by Dockwra, and there were reasons which led him to give the maximum degree of weight to his own share in the founding of this post. On the other hand, the question is simplified to some extent when it is noted that the idea of a penny-post was not a new one, having been formulated in 1659 by John Hill of York[4]. The idea having been in existence for a considerable time, it is by no means improbable that it may have occurred to several persons that the period from 1679 to 1680 was a suitable one to put it into practice. From the connection of Chamberlain and Murray with various financial schemes it may be inferred that it was to these that the proposal for insuring the contents of letters up to a value of £10 was due[5], while Dockwra was responsible

[1] *The Merchant's Dayly Companion,* by J. P., London, 1684, p. 388; cf. Financial Statements L and M.

[2] Anthony A. Wood gives the date as "the latter end of 1679." *Athenæ Oxoniensis,* London, 1817, III. p. 726. This may mean January to March $16\frac{7}{8}\frac{9}{0}$.

[3] As to Chamberlain—*Mercurius Civicus,* No. 4, April 1, 1680, *London Gazette,* No. 1514, May 20, 1680; as to Murray—*Inquiry into Authenticity of certain Miscellaneous Papers...attributed to Shakespeare,* by Edward Malone, 1796, p. 387; Anderson, *Annals of Commerce,* III. p. 88; Wood, *Athenæ Oxoniensis,* III. p. 726. In the latter it is said that Dockwra lost the benefit "by a wrong name only," *Angliæ Metropolis,* p. 345: as to Dockwra *vide* subsequent references, and *Daily Courant,* No. 229, Jan. 11, 1703; *An Essay upon Projects* [by D. Defoe], 1697, p. 27.

[4] *A Penny Post,* London, 1659 [Brit. Mus. 1391 . e . 25].

[5] Murray is said to have been the founder of the "Bank of Credit," while an account of Chamberlain's Land Bank will be found *infra,* Division x., Section 2.

for the actual organization of the system by which letters were collected and delivered[1].

Early in March 1680 the scheme was well advanced. A company was formed, and an elaborate constitution appears to have been under consideration, since it was at one time proposed to have trustees in addition to a committee of management[2], it being the duty of the former to hold certain property or security, vested in them, to ensure the payment of any claims that might be made on account of letters or parcels lost in transit. Since the preliminary outlay was very small, it would not be necessary to subscribe capital at the beginning; but, once operations had been begun, it was found that the receipts did not meet the expenses, and the deficiency had to be provided by the shareholders. Thus the initial cost of establishing the enterprize, arrived at in this way, would constitute its capital.

The scheme was conceived in a liberal spirit. The service was made available to the public on Lady-Day (March 25th), 1680. The sum of 1*d.* would pay for the collection at any one of the receiving-houses (of which there were eventually 400) and for delivery at an address within the Bills of Mortality. Further, this rate would secure transmission to the places of collection in Hackney, Islington, South Newington Butts and Lambeth, or, if the addressee desired his packet to be left at his residence, this further service could be obtained by the payment of an extra penny. Collections and deliveries were to be made frequently daily, except Sundays and the following holidays—three days at Christmas, two days each at Easter and Whitsuntide and January 30th. Besides letters, parcels (not exceeding 1 lb. in weight and £10 in value) were taken at the rate of 1*d.* each, and the undertakers engaged to compensate the owners of such packets as were lost in their post; there being no extra charge for such insurance[3].

The company soon found itself confronted with numerous difficulties. Though the idea of a cheap local post had been long under consideration amongst men of enterprize, there were many who regarded the project as

[1] Thus Dockwra stated a previous scheme "was rejected as impracticable, as indeed were all the rest of their notions, nor ever was by any of them [*i.e.* Foxley, Henry Neville, Payne, Murray, Chamberlain] or any other person whatsoever, put into any method to make it practicable." *Daily Courant,* Jan. 11, 1703.

[2] Hugh Chamberlain was to have been one of the Trustees. This is said to have been his only actual connection with the founding of the undertaking. *London Gazette,* May 20, 1680.

[3] A full account of the organization of the penny post is given by Harry J. Maguire in *William Dockwra and the London Penny Post of* 1680 (*Gibbon's Monthly Journal,* XVIII. pp. 16, 17, 67–9, 89, 90). I am much indebted to Mr Maguire for his furnishing me with valuable information in addition to that contained in this article, also for reading this account in MS. and making several suggestions. Many of the sources of information referred to below have been printed in the *Stamp Lover,* No. 1, *et seq.* Cf. Joyce, *History of the Post Office,* pp. 33–42.

chimerical—like "those others we have formerly heard of, sailing against the wind or paying debts without money[1]." The chief obstacles consisted in the want of numbers on the houses (which made accurate and quick delivery troublesome) and the hostility of the porters, who had formerly derived employment from the carrying of letters. Sympathizers spoke of the "ruine of the poor porters[2]," who revenged themselves by tearing down the signs, used to distinguish the receiving-offices, until they were deterred by prosecutions at the Sessions[3]. The delay, occasioned by the want of a precise system of street-numbers, became a frequent source of complaint, and the company had to publish advertisements asking the indulgence of the public until the service was fully organized and its letter-carriers became more expert[4].

In one important respect, the company found itself in a dilemma. To attract custom, it was necessary to advertize, and accordingly notices were inserted in the papers before the offices were opened; while, during the first months of the history of the post, every excuse was taken of drawing public attention to it in the press[5], while a broadside was printed for gratuitous distribution[6]. The danger of publicity, however, was that it was likely to bring the venture under the notice of the Duke of York, since it might be contended that his monopoly was infringed. This monopoly, too, was not so much important on its financial, as on its political side. The control of the public correspondence was regarded as an important asset in maintaining the position of any party or interest in the State, and, since the Penny Post began its career at a time when public opinion was excited by rumours of Popish Plots, it was perhaps not unnatural that the opponents of the company should point to the encouragement its service gave to correspondence regarded as treasonable[7], nor that the Duke of York might be tempted to seize the undertaking in order to obtain control of the local correspondence of London. Whatever may have been the cause, an action was brought

[1] *Smith's Currant Intelligence,* No. 15, March 30, 1680. For the first project cf. *The Century of Inventions,* by the Marquis of Worcester, 1663, No. 15, in *The Life of the Second Marquis of Worcester,* by Henry Dircks, 1865, pp. 407–8; Anderson, *Annals of Commerce,* III. p. 73. The second project may be that of M. Lewis. Cf. *Proposals...for a large Model of a Bank,* 1678, Brit. Mus. 1139. f. 19.

[2] *The True News or Mercurius Anglicus,* No. 37, March 24, 1680; *Smith's Currant Intelligence,* No. 15, March 30, 1680.

[3] *Smith's Currant Intelligence,* No. 14; *Mercurius Civicus,* No. 12, April 27, 1680.

[4] *Mercurius Civicus,* Nos. 6, 12, April 6, 27, 1680.

[5] *Ibid.,* Nos. 1, 2, March 22, 24, 1680.

[6] *A Penny Well-Bestowed, or a Brief Account of the new Design, Contrived for the great Increase of Trade and Correspondence,* 1680, Guildhall Library.

[7] *The True Domestick Intelligence,* No. 79, April 2, 1680; *Smith's Currant Intelligence,* No. 15, March 30; *Mercurius Civicus,* Nos. 3, 4, March 29, April 1, 1680; *Heraclitus Ridens,* March 1, Dec. 27, 1681.

against the company as infringing the rights of the General Post Office. It is probable that very soon after the scheme was advertized legal proceedings were threatened and one suit was heard before the end of March 1681[1].

The combined effects of the dread of a powerful opponent and the continual drain of the payments necessary, on the part of the shareholders, to meet the weekly bill for wages had frightened many, who abandoned their shares and withdrew from the company. Murray, though not deterred by these causes (since he set up a rival post-office in Wood St.)[2], also retired from the partnership[3], and Dockwra alone remained. The date of the dissolution of the first penny-post company can be fixed within certain limits as follows. The history of the first year of the enterprize is described very fully by De Laune on the authority of one of "the gentlemen concerned" (who was certainly Dockwra). In this account it is said that the undertaking was "little more than a year old." Since it began on March 25th, 1680, De Laune's account must have been written about April 1681[4]. At this time a second company had come into existence which probably began business on Lady-Day, 1681. Dockwra, according to De Laune, had carried on the post at his sole charge "for above half a year." Taking Dockwra's period of sole-proprietorship at seven or eight months, this leaves four or five months as the duration of the first company, which would thus have been dissolved in July or August 1680. There are no very definite particulars of the loss made by the first company. The charge for the first year is given in general terms as being "some thousands of pounds[5]," and the bulk of this would fall within the earlier months, at which time it seems probable that the receipts were, on an average, less than half the outgoings. On the basis of the results achieved by Dockwra in the next seven or eight months, it may be estimated that the loss of the first company would be close on £2,000[6].

[1] *The Present State of London*, by Thomas De Laune, 1681, p. 350.

[2] Maguire, *William Dockwra, ut supra—Gibbon's Monthly Journal*, XVIII. p. 68.

[3] Dockwra stated publicly that certain articles of co-partnership between himself and Murray (presumably those for the undertaking of the penny post) had been "sacredly kept on his part, but never performed by Murray." *Daily Courant*, No. 229, Jan. 11, 1703.

[4] This date is confirmed by the fact that De Laune speaks of the future appearance of a small tract. This was evidently *The Practical Method of the Penny Post*, the MS. of which possibly formed the basis of his account. Now on March 29th, 1681, it was announced that this pamphlet would appear "in a few days"—"Advice from the Undertakers of the Penny Post," in *The Protestant Domestic Intelligence*, No. 109.

[5] *The Practical Method of the Penny Post*, 1681, Brit. Mus. 8245. g. 6 (reprinted in *The Stamp Collector*, IX. pp. 47, 98, 99, 113–16).

[6] Taking the duration of the company at 20 weeks, the expenses at £150 a week and the average receipts at $\frac{3}{8}$ of the expenses: *vide infra*, p. 47.

Dockwra, being left to carry on the enterprize at his own risk, devoted his whole time to it[1]. He complained of the rival scheme of Murray as being a great discouragement of his invention[2]. While, even at a later date, he found some houses "so sottish as not to take letters in even gratis," and he recommends a correspondent "to cast no more of your pearls before such swine[3]." Some, if not all, of the expense of the costly law-suit with the Duke of York had to be borne by Dockwra, but as against this outlay it was thought in 1681 that the legal position of the Post had been established[4]. The revenue was increasing, though, after the undertaking had been six months in Dockwra's hands, it did not as yet suffice to answer three-quarters of the expenses. It is possible to make some attempt to reconstruct the financial position of the post at this time, on the basis of a number of statements made at a later date by Dockwra[5]. While these apparently differ in the total sum, which he alleges he lost by the undertaking[6], they all agree in stating that the money he found, together with interest at 6 per cent. to 1690, amounted to £4,400. It follows that the capital sunk by him would be £2,500. By far the greater part of this outlay would have been incurred during the period he was sole proprietor, and therefore, it may be inferred, that as much as £2,000 is to be assigned to this period. Further, it is recorded that, at the end of that time, the revenue was barely three-quarters of the charges[7]; and, if it be assumed that Dockwra was sole owner for 32 weeks, it is probable that at the beginning of this interval the proportion would be about one-half. It follows then that the ratio of income to expenditure may be averaged at five-eighths from the middle of August 1680 to Lady-Day 1681, and therefore the total expenses per week would have been approximately £166[8]. To a certain extent this calculation can be verified from other sources. It has been estimated that the staff employed by the Penny Post numbered 300 persons[9]. About this time the wages, paid by the General Post, varied from 10*s.*

[1] A True State of the Hard Case of Wm Dockwra that set up the Penny Post in 1680 and which the late King James ravisht from him: Treasury Papers, XLIV. 56.

[2] De Laune, *The Present State of London*, p. 350.

[3] Letter of William Dockwra, "Author of the Penny Post," to John Houghton, 25th April, 1698; [Brit. Mus.], Stowe MS., 747. f. 93.

[4] De Laune, *The Present State of London*, p. 350.

[5] Treasury Papers, XLIV. 56, LXXX. 55; *Journals of the House of Commons*, x. pp. 226, 384.

[6] To this amount Dockwra adds £4,000, as representing the salary he should have received and, in petitions after 1690, interest to date. He deducts "the present value" of his pension and the salary he received as comptroller.

[7] De Laune, *The Present State of London*, p. 350.

[8] *I.e.* Expenses £5,330, Receipts £3,330($\frac{5}{8}$): Loss £2,000($\frac{3}{8}$).

[9] Maguire, *William Dockwra--Gibbon's Monthly Journal*, XVIII. p. 17.

to 6*s*. a week[1]. If Dockwra paid his people on an average 8*s*. a week, his wages bill would be £120 a week, in addition to which he would have to pay something to the tenants of the receiving-houses, provide for compensation for lost parcels, as well as for law-costs and for the remaining incidental expenses. Thus it is not improbable that his whole weekly outlay would have been between £150 and £175.

In March 1681 Dockwra had sunk more than £2,000 in the post[2], and he had brought it to a point at which it was likely a profit would soon be earned. His circumstances were such that he could not continue to provide the deficiency, that still had to be found, as he was already largely in debt[3]. Since the prospects for the future were promising, he was able to form a new company, being joined by several partners "who were all natives and free citizens of London[4]." There is no information as to the arrangement made between Dockwra and those who united with him. Having spent so much on the venture, it would be disadvantageous for him to share the prospective profits with others, unless the new members on their part paid him a sufficient amount to cover a portion of the cost of establishing the business. This method was adopted in other cases; but, at the same time, it is to be remembered that Dockwra was in difficulties, and he may have been forced to admit the new shareholders, on condition that they would each provide a proportionate share of the weekly deficit but without paying anything towards such goodwill as had been established.

The new company described itself as *William Dockwra and the rest of the Undertakers of the Penny Post*, and, judging by the efforts made to effect improvements and to draw public attention to their service, the date of the transfer may be fixed as having been on or about the first anniversary of the establishing of the post, namely March 25th, 1681. The deliveries were augmented and quickened. It was now announced that the average time occupied by a letter in transit, within the Bills of Mortality, should have been three hours. To meet the complaints of delay, a system of post-marks was invented, which showed the hour at which a letter had been received at some one of the sorting-depôts[5]. Evidently there had been both bogus and excessive claims on account of lost parcels, and it was now stipulated that compensation was not

[1] *The Post in Grant and Farm*, by J. Wilson Hyde, London, 1894, pp. 297–8.

[2] *I.e.* £2,000 during the time he was sole proprietor and his proportion, as a shareholder, of the previous loss which was altogether of about an equal amount.

[3] *Journals of the House of Commons*, x. p. 384.

[4] De Laune, *The Present State of London*, p. 350; *The Practical Method of the Penny Post, ut supra.*

[5] These are reproduced in Joyce, *History of the Post Office*, p. 38; *Gibbon's Monthly Journal*, XVIII. p. 67.

recoverable, unless the packet was securely sealed and the nature of the contents endorsed on it[1].

Signs are not wanting that, as both the public and the letter-carriers became acquainted with the conditions of an expeditious service, the Penny Post became increasingly popular. It is probable that, before the end of the year, some small profit was being made. It was soon found that the new postal facilities had made possible new methods of business. Thus, when in April 1682 it was proposed to float a new subscription of East India stock of 3 millions, it is noticed that the post was used to reach persons who were thought likely to become adventurers[2].

By 1682 the undertaking was yielding a profit, and the farmers of the General Post again took action against the London enterprize. Proceedings were begun by Lord Arlington, and the case was heard in Michaelmas term at the King's Bench in 1682. It was claimed that the Penny Post was an invasion of the monopoly of the conveyance of letters, settled on the Duke of York, and £2,500 was sought as damages, besides £100 per week as the receipts of the undertaking in the Westminster district. It was argued on behalf of the company that, in cases where in any town no local post had been established, the monopoly did not apply and such enterprize might be lawfully carried on by private individuals. On behalf of the Postmaster-General it was pleaded that such possible exception only held good in places, which were not reached by the routes of the General Post, and that, since this was admittedly not so in London, the company had invaded the monopoly. By the verdict of the Court the company was exempted from the damages claimed but was fined £100 for contempt of court[3].

The decision of the King's Bench was announced in the last days of November 1682 and the company was in an exceedingly difficult position. At this time, it is related that the post "had been brought to good perfection and began to bring in a small profit" towards the reimbursement of former losses "with hopes of future recompense[4]." It is possible that those shareholders, who had joined the second company, may have been receiving an income on their investment, but it is clear that Dockwra

[1] *The Protestant (Domestick) Intelligence or News Both from City and Country*, No. 109, March 29, 1681; *Smith's Protestant Intelligence*, No. 19, March 31, 1681; *The Practical Method of the Penny Post, ut supra.*

[2] *London Mercury*, No. 4, April 20, 1682. With reference to this proposed issue of East India stock, *vide supra*, II. p. 143.

[3] State Papers, King's Bench, coram Rege, Roll 2023, mem. 24—Hulkes *v.* Wm. Dockwra.

[4] *Journals of the House of Commons*, x. p. 226. It may be noted that in this case (as elsewhere, when Dockwra says the Post was "set up at his sole charge") he assumes that the whole loss was his.

himself could not, as yet, have obtained enough to make any great reduction in his loss as sole proprietor and as a partner in the first company.

The members of the undertaking doubtless feared that such profits, as were being made, might be swallowed up in law costs and damages. By November 27th the General Post Office, in advertizing the decision of the King's Bench, gave notice that it would "forthwith" establish a penny post and would employ those "lately" in the service of the company[1], whence it is to be inferred that at this date Dockwra's organization had suspended its service. The revived delivery of letters at a charge of 1*d.*, within the specified area, was announced to begin on December 11th[2], and this event involved the frustration of the last hopes of the company.

Since the enterprize was taken over by the General Post Office without any compensation being paid to the shareholders, it is likely that the second company, like the first, sustained some loss. For a time after the shareholders in this body had joined it, they had to meet the losses on the service, but towards the end of its existence a profit was being made. But, in so far as the whole nett revenue of the Penny Post from March 25th, 1686, to March 25th, 1687, was under £800, it is obvious that any balance of profit in 1682 over the losses from March 1681 can only have been very small. Further, from this must be deducted the expense of the law-suit in 1682, so that on the whole the second penny post company was probably not profitable as an investment. Such however was not the judgment of some of those living at the time. In 1698 this undertaking was one of those mentioned, in conjunction with the New River and Hudson's Bay enterprizes, in which the adventurers had made large profits[3]. In so far as there is any foundation for this statement it may be based on the pension granted to Dockwra personally of £500 annually for ten years, in addition to which he received a salary as comptroller of the Penny Post, and, after he was dismissed from this office, the promise of other employment under the State. His own account of the financial results of his connection with the Penny Post up to 1697 was that his loss and interest thereon at 6 per cent. up to 1690 was £4,400; to this he added £4,000 to cover the time he had devoted to planning and managing the undertaking for three years from the end of 1679 to 1682 and also the expense of

[1] *London Gazette,* No. 1776, Nov. 27, 1682.

[2] *Ibid.*, No. 1779, Dec. 7, 1682.

[3] *A True Copy of Several Affidavits and other Proofs of the Largeness and Richness of the Mines of the late Sir Carbery Price* [Brit. Mus. $\frac{726.\text{m}.25}{1}$].

re-establishing his business connection for a year afterwards. This made £8,400, from which he deducted the capitalized value of his pension, which he placed at £2,400, making his loss, to 1690, £6,000. There was still to be added interest on the balance from 1690 to 1697, which was placed at £2,500, giving a total nett loss, according to this mode of statement, of £8,500[1].

[1] Treasury Papers, XLIV. 56.

SECTION II. STREET-LIGHTING COMPANIES.

THE PROPRIETORS OF THE CONVEX LIGHTS OR THE PARTNERS IN THE CONVEX LIGHTS (1684–1744).
THE PROPRIETORS OF THE LIGHT ROYAL (1687–94).
THE PROPRIETORS OF THE GLASS GLOBE LIGHTS (1692–3).

THE civic authorities in London had made efforts from time to time to secure the lighting of the streets. As early as 1599 an order was made by the Common Council that householders should hang from their dwellings "a good substantial lanthorn and candle" between October 1st and March 1st[1]. After the rebuilding of London in the reign of Charles II., there was a tendency to improve the state of the thoroughfares, chiefly with a view to the prevention of murders and robberies. Means to give effect to this improvement were found in the enterprize of individuals, who were willing to contract with householders to light and extinguish the lanterns required by the City Council. Thus in 1682 a group of persons, who described themselves as *the Proprietors for the Lights*, advertized that they were prepared to perform this service[2]. As yet, however, nothing of the nature of a street-lamp had been invented. Samuel Hutchinson claimed the distinction of having discovered a method for "the great and durable increase of light by extraordinary glasses and lamps, very useful for...ship's lanterns, lighthouses and dispersing of light in mines and other necessary and like profitable uses[3]." Hutchinson was in pecuniary difficulties, and he arranged that a patent should be applied for by Edward Windus. This grant, which was signed on February 27th, 1684, conferred the sole right of using this invention, in England and Wales for the ensuing fourteen years, on the patentee, his assigns and those duly authorized by him.

Hutchinson's method of increasing the efficiency of light consisted in the use of convex reflectors, which were probably of glass, and therefore his system was known as the "convex lights" or "convex glasses." It

[1] Minutes of the Common Council, Guildhall Library, xxv. f. 98.
[2] *Domestic Intelligence*, No. 132, Aug. 24 to 28, 1682.
[3] Patent Roll, 36 Charles II., Pt. 6, No. 23.

soon appeared that there was scope for the improved scheme of street-lighting, and there were ample indications that many householders would be willing to pay a small sum annually to Hutchinson, provided he undertook to supply and maintain lamps of the new type, besides lighting and extinguishing them. At this stage the enterprize entered on a new phase, for which some capital was required to provide the necessary materials, as well as a system for organizing the work of the lamp-lighters. Hutchinson himself was without resources and he was joined by others, who furnished the necessary funds. At first the undertaking was divided into four parts, and one of the original partners, John Reeve, found it incumbent on him to take proceedings in Chancery to obtain a title to his share in the business. It was not long before sales of sub-divisions of the original quarter-interests were made, and eventually an arrangement was effected, by which the benefit of the patent was regarded as divided into 32 shares[1]. Of these Hutchinson owned 12 up to 1692, when he was forced to raise money by mortgaging two of them, leaving him with power of disposition over 10 shares[2]. The average amount, that he had received for the 22 shares which had passed out of his possession, was £29 per share[3]. It seems probable that the whole calls ordered, until some time after the Revolution, were £160 per share, which would make the paid up capital at that time over £5,000. There is one element of uncertainty in this calculation. It is based on the fact that the total amount called up on each share in 1695 was £800. Through certain circumstances to be detailed below[4], Roman Russell became possessed of a share early in 1694, and he complained that the amount he had to "reimburse" the company, as calls, came to £640. This share had been transferred by Hutchinson out of the two he had mortgaged, and it may have been that some of the calls, due on it at the time it was handed over, had not been paid. If this were so the capital called up by 1690–1 would be proportionately larger than £5,000.

Just when the company was beginning to succeed, it found itself faced by the competition of Edmund Hemming, who had invented another type of street-lantern, which he named the "Light Royal." This scheme is said to have been in operation in 1687[5], and Hemming applied to the

[1] *Hist. MSS. Com.—The Manuscripts of the House of Lords,* 1693–5, I. p. 373.

[2] Chancery Proceedings, Mitford $\frac{547}{17}$.—The Severall Answers of Samuel Hutchinson Gent, one of the defendants to the bill of Arthur Moore Esq. and Roman Russell Gent.

[3] *The Manuscripts of the House of Lords,* 1693–5, I. p. 544. It thus appears that the figure 22 in the MS. is correct and the suggested emendation to 32 in the *Calendar* is not required.

[4] *Vide infra,* p. 58.

[5] *London and the Kingdom,* by Reginald R. Sharpe, London, 1894, II. p. 582 (note).

City Council for encouragement on October 15th, 1689[1]. At this time the position of what was known as the Orphans' Fund had become most unsatisfactory, and the situation, which had arisen, eventually affected the finances of both street-lighting and water-supply undertakings[2]. This fund had been established for the supervision and administration of estates, bequeathed to minors. At the Revolution it had been found impossible to pay the claims of the beneficiaries, and, as the result of an investigation, made in 1689, it was discovered that the deficiency was about £500,000[3]. The default was assigned to the loss of interest on monies lent to the Crown at the time of the stop of the Exchequer in 1672, but the full explanation depended on other events both of an earlier and also of a later date. As early as 1642 the Orphans' Fund had been drawn upon not only to provide a part of the contributions demanded from the City at that time, but also, it was alleged, in the case of Major-General Skipton, to furnish a pension of £300 a year[4]. It was said that payments, from the fund to one applicant, were made out of the resources lodged on behalf of others, who could not claim their principal until a later date, and no doubt the insecurity of the fund was accentuated by the financial expedients adopted by Charles II. in 1672. The last shock to the credit of the Chamber came from its excursion into banking in 1681 and the large withdrawals made in 1683, during the crisis of that year[5]. The result of these successive adverse influences was that, in 1689, neither principal nor interest could be paid to the Orphans[6]. Defoe describes how the treasury of a great city "was shut up and forty thousand orphans turned adrift in the world, some with no cloaths, some no shoes, some no money; and still the city magistrates calling upon other orphans to pay their money in. These things put me in mind of the prophet Ezekiel and methoughts I heard the same voice that spoke to him calling me and telling me, 'Come hither and I will show you greater abominations than these[7].'" It remained for the City to obtain the assistance of Parliament, in working out a scheme, which would meet some of the liabilities that had matured. The fact that there was competition in street-lighting suggested that a part of the revenue

[1] Minutes of Common Council, LI. f. 12 b.

[2] Cf. *supra*, pp. 12, 33.

[3] Sharpe, *London and the Kingdom*, II. p. 545.

[4] *A Letter from Mercurius Civicus to Mercurius Rusticus: Or London's Confession, but not Repentance*, by Samuel Butler, 1643 (Somers' *Tracts*, 1750, v. p. 411).

[5] *A Dialogue between Franciso and Aurelia, two unfortunate Orphans of the City of London*, 1690 (*Harleian Miscellany*, 1745, IV. p. 556).

[6] *England's Calamities Discovered*, by James Whiston, 1696, in *Harleian Miscellany*, VI. p. 339.

[7] *The Consolidator or Memoirs of Sundry Transactions from the World in the Moon*, London, 1705, p. 75.

required might be obtained, by letting out the contract for this service at a rent which could be devoted towards satisfying the claims of the Orphans. In 1690 the Corporation repeated its former orders, requiring householders to hang out lamps after dark from Michaelmas to Lady-Day up till midnight[1]. Hemming had assumed partners for the development of his invention and the company described itself as *the Proprietors of the Light Royal.* This syndicate claimed that its lantern was superior to that supplied by the Convex Lights company, in so far as it cast fewer dark shadows. The terms made with householders were that, in consideration of a fine of 5*s.* and an annual payment of a like amount, the lighting company undertook to discharge the obligation, imposed by the by-law of the Corporation, during the lighting-hours specified. As lamps need not be lit on moonlight nights, the contract applied to 120 nights, the charge for which, according to the proposals of the Light Royal, was 1*d.* per night for the first year, and ½*d.* per night for each of the four subsequent years[2].

On September 6th, 1692, the proprietors of the Light Royal had submitted proposals to the Common Council, stating that they were prepared to supply lights at the current rates, consisting "of one entire body of glass, giving light all round about and underneath, without any darks or shades." The proposed lanterns were to have an inscription on them of the word "Orphans," and the promoters were prepared to pay one-half of the clear profit to the Orphans' Fund. The company professed itself so convinced of the advantages of its light that it asked no modification of the existing regulations, only requiring that the Mayor and Common Council should encourage the use of the lamp in London and they were asked to aid in its adoption in the provinces, where it was proposed the lights should be lettered "Disabled Seamen," a "great part" of the provincial profits being intended to be devoted towards the erecting of a naval hospital[3].

Another offer came from *the Glass Globe Lights.* These lamps were to be set on posts, 10 feet above the ground, so that there should be "no dark shadows whatsoever but that the light shall be always clear and

[1] *A History of Inventions,* by John Beckmann, 1846, II. pp. 178, 179.

[2] *Angliæ Metropolis,* 1690, p. 365. In January 1693 the Proprietors of the Light Royal advertized that "they had set up lights pursuant on the order of the Lord Mayor on the Exchange and Cornhill," and, "whereas several of them had been shot by bullets," a reward of £5 was offered for information which would lead to the discovery of those who had fired the shots. *London Gazette,* No. 2839, Jan. 23, 1693.

[3] Minutes of Common Council, LI. f. 188; *Proposals humbly offered for the better lighting of all the Streets, Lanes, Allies and Public Courts within the City of London and the Liberties thereunto belonging* [Brit. Mus. $\frac{816 . m . 9}{9}$].

equally dispersed...delightful and useful to passengers, without glaring or dazzling the eye." The illuminant was to be rape-oil, with a cotton wick, and it was provided that the glasses should be cleaned every night, and the wicks snuffed as often as required. The charge for street-lamps was to be 6*s*. per annum, for those in schools, churches, halls, 8*s*. The rent of £800 a year was offered, provided that the City prohibited the use of any other lights during the currency of the proposed grant[1]. The latter condition could not be complied with, since the patent for the Convex Lights was not due to determine till 1698, and nothing more is heard of the Glass Globe company in these negotiations. The struggle lay between the Light Royal and the Convex Light companies, and it was announced on November 6th, 1693, that "new and advantageous proposals had been received[2]." The Convex Lights company had been somewhat slower than its opponents in tendering. Hutchinson, the inventor, who was still a large shareholder, took the attitude that he was entitled to enjoy the benefit of his patent for the residue of the term and that the imposition of a rent was, in effect, to deprive him and his fellow-shareholders of a portion of that benefit[3]. There was however a difference of opinion within the company. During the boom in the stock and share market, there had been fairly numerous sales of shares in this undertaking, which had changed hands at prices between £1,000 and £1,500, representing a substantial premium on the sums called up, possibly as much as 100 per cent.[4] Persons who had bought at a high price were only exercising ordinary prudence, in endeavouring to effect some arrangement which would secure the good will of the Corporation, before the patent had determined. Moved by these considerations, it was decided by a majority to offer a rent of £600 a year for a contract of 21 years. This offer was considered by the Common Council on November 24th, 1693[5], while, on December 13th, the Light Royal presented an amended proposal which now took the form of a rent of £1,000 a year, provided that an act of Parliament or of Common Council was obtained "for raising the yearly sum of £3,000 from the inhabitants" of places which were improved by the lighting[6]. The proposition from the Convex Lights company was clearly the more favourable, and it had the advantage of the personal advocacy of thirteen prominent merchants (including members of the Houblon family), who appeared before the Committee. On a division, therefore, the contract was assigned to the Convex Lights

1 *Proposals about Lights for this City* [Brit. Mus. $\frac{816.\text{m}.13}{46}$].

2 Minutes of Common Council, LI. f. 281.

3 *Journals of the House of Commons*, XI. p. 116.

4 *The Manuscripts of the House of Lords*, 1693–5, I. pp. 541–5.

5 Minutes of Common Council, LI. f. 282 b.

6 *Ibid.*, LI. f. 284.

company, subject to the assent of Parliament. The obtaining of such assent was subject to two special difficulties—the one affecting the bill as a whole, the other relating to the lighting clause only. The City had promoted an Orphans' Bill in each session since 1691, only to discover that "the cart was bewitched"; because, "hitherto, they had sneakingly with-holden the wonder-working guineas." There was a consensus of opinion that the adverse spell must be lifted during the proceedings of 1694, and the Corporation on January 24th had authorized the Chamberlain to make such payments, as were required, in soliciting Parliament; while the Orphans, on their part, undertook to pay certain agents 5 per cent. of the monies they received, on the bill being passed. A sum of 1,000 guineas was subsequently traced to Sir John Trevor, the Speaker, and he was expelled from the House[1]. The main difficulty having been surmounted, there remained a minor one, which it was feared at one time would wreck the bill. Hutchinson, together with Arthur Moore who was the mortgagor of two shares belonging to the former, had refused to assent to the agreement with the City. As dissentient shareholders, they prepared a petition, which was drawn up in the name of Hutchinson, asking for a saving clause in favour of the inventor and requiring certain concessions from the other partners[2]. This petition was presented on March 3rd, 1694, but the House was not satisfied as to the *bona fides* of Hutchinson and Moore, and it was resolved on March 8th, by 138 votes to 59, that his name should not be included amongst those mentioned in the bill, as partners in the Convex Lights. The claim of Moore was dealt with similarly[3]. The Light Royal company also opposed this clause, contending that the claim made on behalf of the Convex Lights, that many thousands of pounds had been spent in developing the enterprize, was misleading, in so far as the greater part of such outlay had been partly on stock-jobbing the shares, partly on buying up competitive lighting undertakings. It was also alleged that the Light Royal was superior, inasmuch as it would be cheaper to the people and "did not drop oil to the annoyance of any-body[4]." It was possibly in connection with the former complaint that, on March 25th, the secretary was ordered to attend with the books; but, the bill being hurried forward, there is no record of the investigation having been made[5]. Hutchinson's opposi-

[1] *A Collection of the Debates and Proceedings in Parliament in* 1694 *and* 1695 *upon the Inquiry into the Late Briberies and Corrupt Practices*, London, 1695, pp. 11, 12, 16; *A Supplement to the Collection of Debates...upon the Inquiry into the Late Briberies*, London, 1695, p. 93.

[2] *Journals of the House of Commons*, XI. p. 116. [3] *Ibid.*, p. 122.

[4] *Reasons humbly offered against the Bill for the sole use of Convex Lights or Glasses* $\left[\text{Brit. Mus. } \frac{816\,.\,\text{m}\,.\,13}{47}\right]$.

[5] *Journals of the House of Commons*, XI. p. 281.

tion was not yet at an end. He was advised that it was necessary to gratify some person, having influence, so that his case should be considered in the House of Lords[1]. Accordingly, on March 15th he executed an assignment, authorizing Moore to dispose of one of his shares, with a view to promoting his interest in Parliament[2]. This share was transferred to Roman Russell, who had influence with the Marquis of Normanby. Hutchinson's petition was presented on the 17th, and his counsel was heard on the 20th[3]. Suddenly the clause relating to the Convex Lights acquired such importance that it was thought the fate of the whole measure depended on it. If the opposition was continued, it could be represented that the company was not unanimous and, therefore, the rent might not be secure. There was an excited body of persons, in the vicinity of the House, consisting of the orphans, their agents, some of the shareholders in the company and Hutchinson's friends. Normanby came to them and declared that, unless the other shareholders came to terms with Hutchinson, the whole bill would be lost. This statement increased the perturbation of the orphans, who brought great pressure to bear on the members of the company who were present. These deposed afterwards that a reluctant consent was wrung from them by the fear of violence. One of them, John Lilley, said that he was constrained to sign owing to the orphans "pulling him and threatening him." Sir Thomas Millington was "tossed about" by the crowd, till he, too, assented[4]. Immediately this settlement had been made, the bill proceeded swiftly, and it received the Royal Assent on March 23rd[5]. The clause, in its final form, was a confirmation of the lease made by the City to the company for 21 years from June 24th, 1694, at the agreed upon rent of £600 a year[6]. This measure was defined by an act of Common Council, dated October 25th, 1695, which recapitulates the agreement already reached and confirmed by Parliament in the previous year. This covered the sole use "of all public lights in public places, within the City and liberties" for the term of 21 years. Further, the former orders compelling householders, whose dwellings fronted on any public thoroughfare, to light the roadway, were repeated. The penalty of 1*s*. for each default was to be exacted, unless those liable had agreed with the proprietors of the Convex Lights to install and tend the necessary lamps[7].

This act was the last step required to secure the legal position of the company; and, in anticipation of obtaining such authorization, steps had

[1] *The Manuscripts of the House of Lords*, 1693–5, I. p. 541.

[2] *Journals of the House of Lords*, XV. p. 547.

[3] *The Manuscripts of the House of Lords*, 1693–5, I. pp. 372, 373.

[4] *Ibid.*, pp. 544–5. [5] *Ibid.*, p. 372.

[6] 5 and 6 Will. and Mary, c. x., § 4; *Statutes*, VI. pp. 464, 465.

[7] *Lane Mayor—Commune Concil' tent' in Camera Guildhald' Civitat' London'...An Act of Common Council for Lighting the Streets* [Brit. Mus. 1881 . b . 3 (9)].

been taken to make the resources of the undertaking adequate to the enlarged field of its operations. Early in 1695, £800 per share had been called up. Thus the nominal capital was £25,600 and this large sum (in relation to the nature of the business carried on) lends some colour to the allegations of the Light Royal that money was spent in buying up competing concerns. About the same time the number of shares was doubled and these, in the new denomination, sold at £400[1]. This price was equivalent to par; so that, as stated by the writer of *Angliæ Tutamen*, several shareholders had lost considerably[2].

It was scarcely to be expected that the majority of the company would abstain from attempting to exact retribution from Hutchinson, Moore and Russell. Possibly the excuse for retaliation was to be found in the inability of some of them to pay the recent calls on their shares. According to Russell's own testimony, as much as £640 was due from him for calls on the single share he had acquired. However this may have been, the company refused to recognize these three as members. They were not consulted at the time of the doubling of the shares, nor were the accounts or documents submitted to their perusal[3]. It was found necessary to institute proceedings in Chancery early in 1695. When the bills, answers and cross-bills came to be filed, it was discovered that the important fact had been divulged that Russell acquired his share without giving any valuable consideration for it. Indeed it was deposed that this share had been transferred in order that "Hutchinson's interest in Parliament should be advanced[4]." On this statement being communicated to the House of Lords, the Peers decided on March 25th, 1695, to institute an inquiry[5]. Numerous witnesses were called and examined on March 29th, April 1st, 8th and 9th. It soon became apparent that Normanby was the peer whom Russell had been induced to influence, and the investigation was merged in another, which was examining the alleged too favourable terms, on which the former had obtained the lease of a piece of ground from the City[6]. On April 18th it was carried by a majority that "there was no just cause of censure on the Marquis of Normanby," but at the same time there was a powerful minority which entered a protest, contending that it was "an extraordinary offence for a peer to deliver an opinion without doors," as to the fate of a measure which was then pending[7]. There is no evidence to show whether the dispute within the company proceeded further.

[1] *The Manuscripts of the House of Lords*, 1693–5, I. pp. 543–5. [2] p. 31.

[3] Chancery Proceedings, Mitford $\frac{547}{17}$, June 11, 1695.—"The Severall Answers of Samuel Hutchinson."

[4] *Ibid.*; *Journals of the House of Lords*, XV. p. 547.

[5] *Journals of the House of Lords*, XV. p. 527. [6] *Ibid.*, p. 546.

[7] *Ibid.*, p. 557. The protesting Lords record that they believed the share, assigned to Russell, to have been worth £2,000. This appears to be due to a misinterpreta-

After some conclusion had been reached, as between Hutchinson and his supporters on the one side and the remaining members of the company on the other, attention was given to the development of the business. It is not improbable that this company bought out the owners of the Light Royal, since Samuel Garret, who had been a supporter of Hemming's invention as one of the proprietors in 1693, appeared at a later date as a shareholder in the Convex Lights[1].

Contemporary writers, at the beginning of the eighteenth century, spoke of the light with a considerable amount of satisfaction. Guy Miege described London as "being singular in the use of the Convex Lights, commonly called lamps. Which give a great and extensive light and are very convenient to prevent murders and other outrages, so frequent in great and populous cities beyond sea[2]." About this time the office of the company was situated at the White-Hart on the East side of Bread Street[3], and the charge for a single lamp, outside a private house, was 6*s.* a year[4]. By 1713 the rent had fallen into arrear[5], and on June 19th, 1716, it was agreed that a new lease should be executed at £400 a year, to date from Midsummer 1715[6]. On December 15th of the same year it was determined that the acts, governing the lighting of the streets, should be printed and circulated at the cost of the company[7]. In view of the determination of the lease in 1736, a committee was appointed on July 29th, 1731, to make enquiries and report as to the best manner and method of street-lighting[8]. The result of this investigation was adverse to the Convex Lights company, whose methods were then described as being subject "to great defects." The company replied that householders had lately contracted with diverse tin-men for the lighting of their premises, and that this practice had not only diminished the revenue of the undertaking but had also impaired the quality of the lighting[9]. Though proposals were submitted by this body, as well as by a number of other undertakers, the corporation determined to change its contractors, and in 1744 it was remitted to the aldermen and council of each ward to let out the lighting, snuffing, cleansing, supplying, maintaining and repairing of the public lamps; but the annual rate was now advanced to 38*s.*[10]

tion of the evidence. Moore said he had been offered £2,000 for his holding (*The Manuscripts of the House of Lords*, 1693–5, I. p. 545), but it will be remembered Moore had two shares mortgaged to him, only one of which he transferred to Russell.

[1] Minutes of Common Council, LI. f. 284, LVII. f. 236.

[2] *The Present State of Great Britain*, 1707, I. p. 138.

[3] *A New View of London*, by Edward Hatton, 1708, p. 785.

[4] Minutes of Common Council, LVI. f. 35.

[5] *Ibid.* [6] *Ibid.*, f. 226. [7] *Ibid.*, f. 259.

[8] *Ibid.*, LVII. f. 236. [9] *Ibid.*, f. 348. [10] *Ibid.*, LVIII. f. 353.

DIVISION VIII.

MANUFACTURING AND MISCELLANEOUS COMPANIES IN ENGLAND AND IRELAND.

SECTION I. THE GOVERNOR AND COMPANY OF THE WHITE PAPER MAKERS IN ENGLAND.

THE manufacture of paper had been established in England as early as the reign of Elizabeth, if not before that time[1]. The industry increased, and a century later there were upwards of a hundred mills at work[2]. Their output however was confined to the coarser kinds, such as brown paper, and it was necessary to import the finer qualities from abroad. In 1673–4 the quantity of paper brought from France was 160,000 reams which, at the valuation of *5s.* per ream, amounted to £40,000 annually[3]; while, later in the century, it was stated that the imports of this commodity cost as much as £100,000 a year[4]. It is said that the first attempt to produce the better kinds in England was due to E. Burnaby in 1678, but his enterprize resulted in failure[5]. In 1682 a further effort was made to achieve success by George Hagar, who obtained a patent for the sole production of white writing and printing paper for 14 years by the method of "sizeing it in a mortar[6]." A company was formed to work the invention, and £6,000 was paid by a number of persons for shares[7]. A mill was erected at Ensham and others were leased elsewhere[8]. For some time a considerable trade was carried on, but Hagar's success came to the notice of those persons who had made him bankrupt in 1677 and these now attempted to make the funds of the company liable for his by-gone debts. The shareholders were indignant and accused Hagar of having obtained their money by means of fraud. It appears however that

[1] In *A Spark of Friendship* (1588), in *Harleian Miscellany*, III. p. 249, it is noted that a paper-mill had been erected at Dartford by Spilman, the Queen's Jeweller, cf. *Paper and Paper-making Chronology*, London, 1875, p. 20.

[2] *Reports Hist. MSS. Com.—The Manuscripts of the House of Lords*, 1690–1, XXII., Pt. V., p. 76.

[3] *A Scheme of the Trade as it is at present carried on between England and France*, by Patience Ward, Thomas Papillon and others, 1674, in Somers' *Tracts* (1748), IV. p. 537*.

[4] Anderson, *Annals of Commerce*, III. p. 131.

[5] *Paper and Paper-making Chronology*, p. 20.

[6] *Reports Hist. MSS. Com.*, XIII., Pt. V., p. 436.

[7] *Ibid.*, p. 497. [8] *Ibid.*, p. 496.

he had some knowledge of paper-making, since he was, at a later date, a frequent petitioner for encouragement[1]. There were several suits for the possession of the patent, which eventually remained in the hands of William Sutton, who made paper at the King's Mills, Byfleet[2].

While matters were in this condition, John Briscoe had obtained the assistance of some Frenchmen, who instructed him in the secrets of the trade; and, on April 15th, 1685, he applied for a patent for "making, sizeing and whitening writing, printing and other paper[3]." Having obtained his grant, a company was formed, including John Dunston, Nicholas Dupin, Adam de Cardonell, Henry Longueville and a number of others. On June 13th, 1686, a petition was presented, which stated that "a vast expense" was necessary to carry on the manufacture to advantage. It was pleaded that a capital outlay of £100,000 was required, "which sum, being so great, cannot be raised but by a considerable number of persons, incorporated and joining in a joint-stock." It was also urged that, in spite of the patent, the company "laboured under great inconveniences, met with insupportable difficulties and ran great hazards"; and, for these and other reasons, a charter of incorporation was asked[4]. Accordingly, a grant was signed on July 3rd, 1686, creating a "body politick" to be known as *the Governor and Company of the White Paper Makers in England* with powers to elect a governor, deputy-governor and assistants—the latter not to exceed 23 in number. The governor and deputy-governor were to be present at all meetings for the making of orders. The shareholders were entitled to one vote for each share held. This charter confers on the company the sole right of making white writing and printing paper for the space of fourteen years from July 3rd, 1686, and its officials were entitled to break open doors of premises where they suspected paper, made in contravention of the patent, was stored, and to call on constables to assist them. The King promised to grant such further powers and privileges as should be necessary for the carrying on and improvement of the manufacture, and, in particular, to assent to any bill promoted by the company[5]. Recourse was soon made to the royal protection; and, on June 12th, 1687, the company petitioned that a fine of £500, imposed on Theodore Janssen at its prosecution, should be granted to it[6]. The same year a proclamation was issued "for establishing the manufacture of white paper," which was designed to assist the company in discovering

[1] State Papers, Domestic, Petition Entry Book, XII. pp. 161, 451.
[2] *Reports Hist. MSS. Com.*, XIII., Pt. V., p. 436.
[3] State Papers, Domestic, Petition Entry Book, LXXI. p. 127.
[4] *Ibid.*, Petition Entry Book, LXXI. p. 268; *Ibid.*, James II., III. 97.
[5] *Ibid.*, James II., III. 98; *Ibid.*, H. O. Warrant Book, IV. p. 57.
[6] *Ibid.*, Petition Entry Book, LXXI. p. 351.

those who were copying its processes[1]. Obviously there was an inconsistency between the privileges of this body and those previously granted to Hagar and which had been exercised by Sutton. The legal position of the latter was not strong, and the company succeeded in preventing him from making white paper[2].

On the signature of the patent, great energy was shown in developing the business. The capital was divided into 400 shares which were taken up, and £50 per share was subscribed, making the whole sum paid (or credited as paid) £20,000[3]. No less than five mills were leased or purchased, and considerable quantities of paper made[4]. On the outbreak of war with France after the Revolution, the importation of French paper was prohibited, and the company was in a position to take advantage of the wide field open to its enterprize. It soon found that more capital was needed, but there were doubts as to the validity of its charter. The governor and assistants decided that the boldest course was the most safe, and an appeal was made to Parliament for an act confirming the charter and authorizing an increase of capital. There was considerable opposition. William Sutton, the Dean and Chapter of Windsor and "the ancient paper-makers of the kingdom" all petitioned against the bill. On a conference between the parties, Sutton withdrew his petition, on condition that four of the original shares should be assigned him free of expense on the passing of the bill, and that further, whether it passed or not, the company was to rent his paper-mill, paying a fine of £100 and such rent as was fixed by arbitration[5].

The bill was considered by a committee of the House of Lords on May 15th, 17th and 19th, 1690. The Dean of Windsor contended that the proposed legislation would lessen the value of the paper-mills belonging to the chapter. The ancient paper-makers were supported by the Mayor and aldermen of Chipping Wycombe. Counsel on their behalf argued that the confirmation of the company's charter by Parliament would be prejudicial to other paper-makers, "who could make good white printing paper," and it was asserted that many of these would be ruined, thereby becoming chargeable on the rates. The privileges asked for by the company were described as "a plain monopoly," under cover of which the whole supply of rags would be engrossed.

To these arguments, counsel for the company replied by showing that those opposing the bill were unable to produce fine white paper.

[1] *Paper and Paper-making Chronology*, p. 20.

[2] *Reports Hist. MSS. Com.*, XIII., Pt. v., p. 436.

[3] MS. Act to encourage the manufacture of White Paper, 2 Will. and Mary, No. 25, House of Lords MSS.

[4] *Reports Hist. MSS. Com.*, XIII., Pt. v., p. 76.

[5] *Ibid.*, p. 436.

Attention was directed to the clause in the bill, which stated that the confirmation of the monopoly of the company only applied to such paper as was commonly sold at a price, exceeding 4*s*. per ream, and that the chartered undertaking was precluded from manufacturing any that realized that price or less. Thus the monopoly was confined to a class of paper which was not made by the owners of mills who were opposing the bill, and therefore nothing in it could take from them any trade they had had previously. Further, the company offered to lay open lists for further subscriptions of capital to any who chose to adventure, while security would be given for the rent of the additional mills which it was proposed to lease. This concession met the case of the Dean of Windsor, and it was agreed that a clause should be inserted, under which the company bound itself to take the mills belonging to the chapter, if required to do so[1].

The argument was against the ancient paper-makers, and it was stated that the opposition was aided by French agents. It is remarkable that this statement was accepted by the Committee and was incorporated in the preamble of the bill (which received the royal assent on May 20th), where it is said the members of the company had "at great charges purchased and erected diverse mills, with great hazards of their persons and estates, the said attempt being highly opposed by agents of the French King[2]." The act also sets out that, in spite of these and other hindrances, the manufacture had been set up and great quantities of paper were produced. In order to encourage the undertaking, so that the demand for white paper should be supplied from home manufacture, it is enacted that the charter should be confirmed for a period of fourteen years to be computed from the end of the session. Further, "for the better carrying on and improving the said manufacture and to the intent that the stock may be so increased as to establish the same in all parts of the kingdom and that all and every their Majesties' subjects, who shall be desirous to become members of the said company, may have liberty to do so," it is provided that the original capital of £20,000 was to be increased by a new subscription, the books for which were to lie open in Abchurch Lane and in some other public place till September 20th, 1690, "when any person may subscribe as many shares as he pleases at £50 each"—that is at the par value. This clause is of considerable interest as possibly the earliest case of parliamentary control of the capitalization of a company. The act proceeds by prohibiting the export of rags, under pain of forfeiture, and it also ratifies the agreement reached for

[1] *Reports Hist. MSS. Com.*, XIII., Pt. V., pp. 74–6.

[2] There is evidence of such intrigues in the case of the Royal Lustring company, *vide infra*, p. 74.

the protection of other paper-makers by forbidding the company to make paper, usually sold at 4*s*. per ream or less[1].

There is no evidence to show whether the subscription of additional capital in 1690 was large or not. The earliest quotation of the shares was on March 30th, 1692, when the price was 60, or a premium of 20 per cent. This was followed by a relapse until 41 was touched on May 5th. A recovery then set in and 49 was quoted at the end of June. There is no record of the movements of prices for the remainder of the year, but in January 1693 the shares stood from 65 to 67. Up to the end of April they were over 70. Towards the close of May there was a fall to 69 which was continued till 59 was recorded on July 19th. From this date there was a steady advance—70 being quoted on September 13th, 80 on the 28th, and 90 on October 11th, while on December 29th the price was 94. At this time the company seems to have been doing a large business. Sales were frequently advertized as to be held at its house in Queen St.[2], while Houghton describes it "as a great manufacture[3]." Even the person of quality, who wrote the jeremiad which he entitled *Angliæ Tutamen*, is forced to confess that, though the perfection of the finer French papers had not been wholly attained, the English makers "had then come pretty near it" and their work had "wonderfully improved." The rag-pickers, all over the country, were kept busy in supplying the raw material, and the industry, as a whole, was described as being in a flourishing condition[4].

These favourable estimates of the future of the company are reflected in the quotations of its shares, during the early part of the year 1694. Up to January 17th the price remained at 94. From the 24th (when it was 97) it steadily advanced. The rapidity of the rise is shown by the following summary of fluctuations, during the ensuing three months:

1694	(week ending Friday)	February 2nd, 9th	... ...	98
,,	,,	,, 16th ...	... ...	105
,,	,,	,, 23rd, March 2nd	...	120
,,	,,	March 9th, 16th, 23rd	...	150
,,	month of April	... ...	... ...	140

For some reason, Houghton ceases to print quotations of these shares after April 1694. It is probable that there was a considerable reaction in the price. In 1696 the Commissioners of Trade reported that the

[1] MS. Act to encourage the manufacture of White Paper, 2 Will. and Mary, No. 25, House of Lords MSS.

[2] *London Gazette*, No. 2959, March 19, 1694; No. 3000, Aug. 9, 1694; No. 3053, Feb. 11, 1695; No. 3129, Nov. 4, 1695.

[3] *Collection for Improvement of Husbandry and Trade*, by John Houghton, No. 103, July 20, 1694.

[4] Published 1695, p. 25.

company "was not in so thriving condition as it might have been," and they attributed its decline to the evils of stock-jobbing management. Just at this time a number of companies, founded during the recent boom, had come to grief in the subsequent crisis, and the charge of stock-jobbing became the facile explanation of the failure—just as the diagnosis of "a fever," by the medical practitioners of the period, covered a multitude of disorders[1].

At this time the paper-making industry was experiencing the effects of the prevailing depression, and a further adverse influence arose out of the financial necessities of the government. The House of Commons decided early in 1697 to impose a duty of 20 per cent. *ad valorem* on all paper made in England and one of 25 per cent. on that imported. The company joined with the other manufacturers in petitioning against the former tax which was intended to last for two years and which was to be levied on vellum, parchment and pasteboard. The line of argument adopted, against the imposition of the tax on home-made paper, was the contention that great injury would be done to the trade, while the produce of the tax, if consumption remained the same as in the previous year, would be only £17,600. The whole amount of paper, used in England, was estimated to be worth £68,000, of which £40,000 was imported. There were 100 mills making coarse papers with an average annual production of £200 each, or £20,000 in all. The company had eight mills the output of which was valued at £8,000[2]. In spite of this protest, the duties were imposed by the act 8 and 9 Will. III. c. 7[3].

It is probable that the paper-makers had considerably underestimated their output. This was certainly the case with the company, since according to a report of the Commissioners of Trade dated December 23rd, 1697, that is after the duties had been imposed for six months, its annual production was 100,000 reams of white paper. Now, under its act, the company was forbidden to make paper, which sold at 4*s.* per ream or less, therefore, instead of its annual production being only £8,000 a year, it must have been at least £20,000 and may have been worth double that sum. This report assigns, as causes of recent hindrances to the progress of the trade, the charge of stock-jobbing and also that there had been a scarcity of white rags[4]. The fact, that the supply of rags was deficient, is indirect evidence that the production of all kinds of paper was considerably greater than it was stated to have been in the petition of the

[1] *Journals of the House of Commons*, XI. p. 595.

[2] *The Case of the Paper-Traders, Humbly offer'd to the Honourable House of Commons* [?1697], Brit. Mus. $\frac{816.\text{m}.12}{45}$. The proposed duties at the specified rates would amount to £15,600. The remaining £2,000 arose from the tax on parchment, &c.

[3] *Statutes*, VII. p. 190.

[4] *Journals of the House of Commons*, XII. p. 435.

manufacturers, while the complete absence of any quotations of the shares for more than three and a half years shows that there can have been no active speculation in that period. At the same time, there is independent testimony that the industry soon became depressed and it was described as being "almost quite sunk under the weight of the present tax[1]." The company appears to have been particularly affected by the check to the demand, which followed the rise in prices, and it is recorded that many mills were compelled to abandon the making of white paper and to confine themselves to the production of the commoner and cheaper varieties[2]. Such a change would have meant the winding up of the company, since the act, it had obtained, precluded it from adopting this course, and it is significant that when in 1699, the duties of 1697 having expired, there was a warm debate for and against the increase of the protection of English-made paper, there is no mention of this company[3]. It was eventually resolved by the House of Commons that the duty on home-made paper should remain at 20 per cent. while that on foreign was to be increased to 30 per cent.[4] On the bill being sent to the Lords, an amendment was inserted by the latter House resulting in considerable friction. Neither side would recede from the position it had taken up, and the bill did not become law[5]. Therefore the paper-makers lost the protection of 10 per cent., in addition to that afforded them by "the book of rates." There is no evidence to show at what time the company retired from business. The English paper-making trade, on the whole, progressed. About 1710 there were 150 mills, producing 60,000 reams annually[6], while three years later all "the lower sorts," used in England, were made at home, and it was estimated that the production of white paper then amounted to between £30,000 and £40,000 a year[7]. On the

[1] *A Proposal for Building a Royal Library and establishing it by Act of Parliament* [by Richard Bentley], London, 1697 $\left[\text{Brit. Mus. } \frac{816\,.\,\text{m}\,.\,12}{32}\right]$.

[2] *Reasons for further additional Duties on Paper* [? 1698–9], Brit. Mus. $\frac{816\,.\,\text{m}\,.\,12}{39}$.

[3] *An Abstract or Short Account of the Duty laid upon Paper; Reasons Humbly offered...for laying a farther duty on all foreign paper; Reasons humbly offer'd...against laying a farther duty upon Paper; Reasons against further additional Duties on Paper* [Brit. Mus. 816 . m . 12, Nos. 40, 41, 42, 43]; *Journals of the House of Commons*, XII. p. 661.

[4] *Journals of the House of Commons*, XII. p. 648.

[5] *Ibid.*, p. 683; *Journals of the House of Lords*, XVI. pp. 461–3; *The Manuscripts of the House of Lords*, 1697–9, III. pp. 424–35.

[6] *The Case of the Merchants importing Genoa Paper...in relation to the Duty on Cards* $\left[\text{Brit. Mus. } \frac{816\,.\,\text{m}\,.\,12}{69}\right]$.

[7] *The British Merchant or Commerce Preserv'd*, by Charles King, London, 1721, I. p. 14.

other hand it was contended, at this time, that the paper trade was one which had suffered from the remission of the previous high import duties[1].

Summary of Capital and Prices of the Shares.

Capital.

Up to May 1690, 400 original shares of £50 each £20,000

A new subscription was taken from June to September 20th, 1690.

Prices of Shares.

Year	Date of highest price	Prices	Date of lowest price
1692	March 28	60—41	May 5
1693	December 27	94—59	July 19
1694	Feb. 28, March 7, 14, 21	150—94	Jan. 5, 10

[1] *Extracts from Several Mercators, being considerations on the State of British Trade,* 1713 [Brit. Mus. 8246. b. 9], p. 7.

SECTION II. OTHER COMPANIES FOR THE MANUFACTURE OF PAPER.

THE IRISH PAPER COMPANY (1690).

THE GOVERNOR AND COMPANY OF THE ROYAL CORPORATION OF LONDON FOR CARRYING ON THE LINEN AND PAPER MANUFACTURE WITHIN THE ISLANDS OF JERSEY AND GUERNSEY (1691).

THE BLUE PAPER COMPANY (1691).

THE BROWN PAPER COMPANY (1692).

COL. JOHN PERRY AND PARTNERS (1709).

BESIDES the company of White Paper Makers and the Scots Paper Manufacture[1], there were several other paper companies. One of these was also founded by Nicholas Dupin, and arose out of a patent granted to him in 1690 for the manufacture of white paper in Ireland for 14 years[2]. On August 7th of the following year a warrant was issued to incorporate a paper and linen company for Jersey and Guernsey, which was to have a governor, deputy-governor and eighteen assistants. The qualification for office consisted in the holding of shares, and seven members of the court constituted a quorum. Power was also given to elect a sub-committee to manage the affairs of the company in the Channel Islands[3]. In *Angliæ Tutamen* mention is made of *a Brown Paper Company*[4], which probably originated out of an invention by Thomas Neale and another for making brown and coloured papers, "without using coarse or fine rags or linen cloth," out of a material of which store may be had in England and Ireland[5].

The most interesting of these minor paper companies was the one that went by the name of *the Blue Paper Company*. As in many similar

[1] *Vide infra*, Division IX., Section 6.

[2] State Papers, Domestic, Signet Office, XII. p. 354; Patent Rolls (Four Courts, Dublin), April 7, 3 Will. and Mary.

[3] State Papers, Domestic, H. O. Warrant Book, VI. p. 142.

[4] p. 25.

[5] State Papers, Domestic, Petition Entry Book, I. p. 400.

cases, where there was no charter of incorporation, the title is uncertain, the company having arisen out of the sale of shares in the benefit of a patent, and the rights and responsibilities of membership were defined by an agreement. The particular patent, on which this undertaking was based, was one granted to William Bayly in November 1691 for printing paper "with all sorts of figures and colours by several engines made of brass, without paint or stain, which will be useful for hanging in rooms[1]." An advertisement of the company gives a clearer idea of the nature of its product, which is described "as Japan and Indian figured hangings and another sort, consisting of large Japanese subjects and forest work also imitation of wainscot[2]." The shares of this company were quoted in 1692 from 11 to 10 and in the following year from 12 to 9, while in 1694 the price fell to, and remained at, 8. But despite the depression in the stock-market, the business seems to have been flourishing. During the year 1694 the accommodation at the company's office—the Blue Paper Warehouse in Aldermanbury—was insufficient, and sales were conducted at the "large Japan Warehouse" in Henrietta St., Covent Garden (*i.e.* the premises of the "company for lacquering after the manner of Japan[3]"), while in addition a number of agencies were opened. Evidently the new wall-paper had become popular, for imitations began to be put on the market on a thinner paper and coloured "with a slight and superficial paint[4]"; and, besides wall-papers, in the same year "blue sugar loaf and royal purple papers" were advertized for sale[5]. During the next ten years similar advertisements were frequent, so that it may be concluded that the business continued to flourish throughout the fourteen years for which the original patent had been granted[6].

In 1709 there was a partnership for the production of white paper in Ireland under the management of Col. John Perry. In that year this undertaking appears to have met with some success, since it petitioned the House of Commons for legislation which would prevent the destruction of white rags which were required for the manufacture[7].

[1] State Papers, Domestic, H. O. Warrant Book, VI. p. 225.

[2] Houghton, *Collections*, No. 114.

[3] *Vide infra*, Section 9.

[4] Houghton, *Collections*, No. 114.

[5] *London Gazette*, No. 2956, Mar. 12, 1694.

[6] *E.g. London Gazette*, No. 3117; *Postman*, July 8, 1703.

[7] Petitions to the Irish House of Commons, Four Courts, Dublin; Petition of Col. John Perry and Partners, June 2, 1709; *The Journals of the House of Commons of the Kingdom of Ireland* (1796), II. p. 206.

SECTION III. THE ROYAL LUSTRING COMPANY OF ENGLAND (1688–1720).

During the controversy which raged in the reigns of Charles II. and James II. over the commerce between England and France, much attention was directed to the trade in silks. In 1674 the value of the imports of these goods was estimated to have been £300,000[1]; while in 1686 the amount, recorded as having passed the Customs, was slightly more, though it was calculated that so much was smuggled that the total annual consumption could not have been less than £500,000[2]. By the later date a material known as alamodes, lustrings, lutestrings, lutes or renforcez had become fashionable. It was "a fine, light, glossy, black silk[3]," the peculiarity in the production of which consisted in the secret of the "lustrating," *i.e.* in the imparting of the lustre or gloss. A Frenchman, Pierre de Cloux, was acquainted with the art; and, having obtained the support of a number of persons who were prepared to provide the requisite funds, a petition was presented on behalf of the syndicate on November 28th, 1687, asking for a patent for the industry as one new to England[4]. That the manufacture had not been hitherto practised in the country seems to have been admitted at the time, though later very circumstantial accounts were given of the early production of considerable quantities of lustrings. The Weavers' company asserted that in 1663 several pieces had been made[5]. In 1696 a number of persons testified that between 1681 and 1686 they had seen many pieces that had been made in Spitalfields, indeed one of these asserted that the English

[1] *A Scheme of the Trade at Present carried on between England and France* (in Somers' *Tracts*, IV. p. 536*).

[2] Charles King, *The British Merchant or Commerce Preserv'd*, 1721, I. pp. 320, 328.

[3] *Murray's Dictionary*—"Alamodes." It is interesting to notice that in 1622 Malynes mentioned "lutestrings" as a luxury, which he considered might reasonably be made a monopoly. *Consuetudo*, p. 213.

[4] State Papers, Domestic, James II., Petition Entry Book, LXXI. p. 394.

[5] *The Weavers' Answer to the Objections made by the Lustrings' Company* (1696) [Brit. Mus. $\frac{816 . m . 13}{123}$].

production at that time was 4,000 or 5,000 pieces a year[1]. These statements can be shown to be false. The writer of a political pamphlet wishing to find a metaphor which characterized arbitrary government, as a recent importation from abroad, speaks of it as "this *Allamode de France*[2]." Moreover, about 1683, Stephen Seignoret, a silk merchant then living at Lyons, having consigned a considerable quantity of lustrings to London, which had been damaged on the voyage, could not obtain a dresser in England who was able to restore the gloss. It is highly significant of the jealousy with which the weavers of Lyons guarded their trade-secrets, that the municipality would only consent to a French dresser leaving for London to undertake the work on condition that Seignoret himself should be kept in custody till the man returned[3]. Later in 1687 another French lustring dresser, who had come to England, was paid £75 by the French Ambassador to return home again, and, on his attempting to set out for London, he was imprisoned, while in 1698 it was supposed he was still in confinement.

It will thus be clear that, at the date of the petition of De Cloux, the production of lustrings had not been regularly carried on in England. At the same time there were difficulties to be surmounted before a patent could be obtained. The law officers of the Crown reported in favour of the petitioners, in so far as the trade they proposed to start was new, but they recommended that reference should be made to the Commissioners of Customs to ascertain whether the revenue would suffer by the lustring industry being established[4]. The result of this enquiry was not unfavourable to the hopes of De Cloux and his supporters. On March 9th, 1688, a warrant for a patent was made out, though the grant itself was not sealed till November 23rd. This document conferred on a number of persons named in it, together with any others they might subsequently assume as partners, the sole right of exercising the invention of making, dressing and "lustrating" those silks, known as plain black à la modes, renforcez and lustrings, subject to the following conditions. The patent extended only to such black silks, of the species described, as were used for scarves and hoods, the work was to be carried on under the inspection of the Weavers' company

[1] *The Manuscripts of the House of Lords*, 1695–7, II. p. 139.

[2] *The Growth of Popery and Arbitrary Government*, by Philo Veritas, Cologne, 1682, p. 161.

[3] *The Report of the Committee of the House of Commons to whom the Petition of the Royal Lustring Company of England was referred*, London, 1698 [Brit. Mus. $\frac{816.\text{m}.8}{62}$], reprinted in *Journals of the House of Commons*, XII. p. 213.

[4] State Papers, Domestic, Petition Entry Book, LXXI. p. 402.

of London, and monthly accounts were to be furnished by the members both of pieces made and of the looms employed[1].

The patent establishing the undertaking was completed just when the country was in the throes of the Revolution, and it was unfortunate that De Cloux, who was the only person possessing the requisite technical knowledge, happened to be a Roman Catholic and left England in the train of James II. The company, which was in process of formation, was thus brought to a standstill through want of expert advice; but, as the French refugees began to arrive in increasing numbers, it became possible to obtain a certain amount of suitable labour, and two looms were started and kept at work. On the prohibition of commerce with France, arising out of the declaration of war against that country, the patentees were not slow to recognize that a wide field had been opened up for their enterprize. Towards the end of 1691 or in the first months of 1692, sustained efforts were made to greatly extend the operations of the company. The financing of the undertaking was arranged by a Mr Gervaise who fixed the capital at £60,000, divided into 2,400 shares of £25 each[2]. The earliest transaction recorded was on April 14th, 1692, when the price realized was 32. In May the assistants decided that sales should be made to the public at 30, and many purchases were arranged at this price during the remainder of the year. In the accounts of the company the capital was always regarded as being £60,000 and therefore it may be inferred that, out of the issue price of £30, £5 consisted of a reimbursement to the owners of the patent of their outlay together with promoters' profits, while the remaining £25 per share was used in carrying on the business. On May 14th, 1692, a petition was presented which stated that lustrings were being produced and asking that, since there were now 134 persons interested in the patent, a charter of incorporation should be granted to them[3]. The Solicitor-General reported on May 30th that great perfection had been attained in this manufacture, and he recommended that the company should be incorporated[4]. On July 28th a warrant was issued for the preparation of a charter[5]. Some delay arose from the intervention of the Weavers' company, but at a full court of this body, held on October 10th, a clause was read, which it was proposed should be included in the grant, and which stated that this document

[1] State Papers, Domestic, H. O. Warrant Book, IV. p. 400; *Journals of the House of Commons,* XII. p. 221; *The Case of the Weavers who are Petitioners to be relieved against a Clause in the Coale Act* [1695] [Brit. Mus. $\frac{816 . m . 13}{122}$].

[2] *Journals of the House of Commons,* XII. p. 221.

[3] State Papers, Domestic, Petition Entry Book, I. p. 292.

[4] *Ibid.*, p. 307.

[5] *Ibid.*, H. O. Warrant Book, VI. p. 383.

was to be interpreted as containing nothing prejudicial to the Weavers' company, whereupon it was agreed that all opposition should be withdrawn[1]. When at length the charter was sealed, it incorporated those interested in the patent of James II. as *the Royal Lustring Company of England* with the usual powers, which however were to be subject to all the conditions embodied in the grant of 1688. The government of the company was committed to a governor, deputy-governor and twelve assistants. The minimum qualification for a vote was the ownership of 10 shares, and no holding entitled the proprietor to more than a single vote[2]. In addition to the royal charter, there came encouragement from Parliament, since it was enacted that, after March 25th, 1693, no foreign lustrings might be imported except under license[3].

The company received influential support. The Stephen Seignoret, already mentioned, purchased 382 shares[4]. A "Lustring House" was opened at Austin Friars, where large sales of alamodes were made from time to time for many years[5]. Office-hours, except before and after sales, were from 8 till 12 o'clock, and from 2 to 6 o'clock daily, except Sundays and holidays[6]. Business proved good, and at one sale alone, in October 1693, the lustrings, auctioned by "inch of candle," realized £14,000[7]. The company was able to increase the number of looms, but it was not long before friction arose with the English silk weavers. At first, as was indeed necessary, French artisans had been employed. These worked at a cheaper rate than had previously obtained in London. As the English apprentices had begun to acquire skill, pressure was put on the governor and assistants to discharge their foreign hands. The company was accused "of taking bread out of the mouths of the native weavers," and the men themselves were not slow to take forcible means of persuading the governing body. They followed the assistants to their homes in a riotous manner, making threats and breaking windows[8]. Compulsion in the same direction was exerted by the powers of inspection granted to the Weavers' company; and, eventually, the governor had to give way and many of the French workmen were dismissed. This action had a double result which manifested itself in the future. On the one hand, the piece-work wages were higher, though in all probability not to the extent recorded by Charles King, who gives the English rate in this trade as more than double the French[9]. On

[1] Court Books of the Weavers' Company (1692–4), XII., Oct. 10, 1692.

[2] *The Charter of the Royal Lustring Company* [Brit. Mus. 8223. e. 69].

[3] 4 Will. and Mary, c. 5, § 5, *Statutes*, VI. p. 384.

[4] *Journals of the House of Commons*, XII. p. 222.

[5] *London Gazette*, No. 2855, Mar. 30, 1693.

[6] *Ibid.*, Feb. 11, 1696.

[7] Houghton, *Collections*, No. 65, Oct. 27, 1693.

[8] Treasury Papers, CXXXIX. 19; *Calendar*, 1708–14, p. 327.

[9] Charles King, *The British Merchant*, I. p. 8.

the other side, it is to be feared that the change was accompanied by a deterioration in the quality of the product; for if, as was frequently stated, the secret of "lustrating" silks was unknown to English weavers up till 1690, it would necessarily take a considerable period for the art to be thoroughly mastered by them.

It needed time for these disadvantageous elements in the organization of the company to manifest themselves, and in 1694, 1695 and 1696 it enjoyed great prosperity. Houghton spoke of this trade in 1694 as one which England had "wanted much," and he considered that the Royal Lustring company was likely to outdo all the others that had been recently established[1]. Even the pessimistic writer of the tract, *Angliæ Tutamen*, finds himself compelled to admit that this undertaking was thriving, and he believed it would continue to do so, "whilst it kept stock-jobbers from breaking in upon it[2]." Publicity was given to the quarterly sales, and from time to time paragraphs appeared in the press, which were designed to draw attention to the enterprize, as for instance when it was recorded in 1695 that the King had been pleased to assure the company of his protection, that he had lately granted further encouragement, to which the practical note was added that the assistants were willing to employ weavers free of the Weavers' company[3]. By the act 6 and 7 Will. III. c. 18 it was provided that lustrings, imported under license, must be sealed at the Custom House, those produced at home were to be sealed by the Lustring company. Any of these fabrics, found without either of these seals, were subject to forfeiture, and the goods seized according to this section might, after being condemned at the Custom House, be purchased solely for exportation. In 1696 a bill was promoted in the interests of the Weavers' company, giving that body equal rights in the sealing of lustrings made in England, but the measure did not become law[4]. This legislation was important, not only in aiding in suppressing smuggling, but also in giving the Lustring company some supervision over the Weavers' company, so that both organizations met on more equal terms.

In another respect too the company had strengthened its position. The Duke of Savoy, like the rest of the allies, had prohibited the entrance of French goods into his territories. The people, however, were in want of cloth; and, unless the prohibition was relaxed with regard to this commodity, they must obtain it from England. Since the Lustring company brought silk in large quantities from Piedmont,

[1] *Collections*, No. 103, July 20, 1694.

[2] p. 30. It is significant too that Defoe (*Essay upon Projects*, 1697, p. 13) does not mention this company as one of the failures through stock-jobbing.

[3] Houghton, *Collections*, No. 169, Oct. 25, 1695.

[4] *The Manuscripts of the House of Lords*, 1695–7, II. p. 138.

it was suggested that it should export cloth there; and accordingly in 1696 an experimental shipment valued at £1,500 was made[1].

Testimony to the progress, already made by the company and to its future prospects, is borne by the quotations of the shares. From the issue-price of 30 there had been a fall till 20 was touched at the end of 1694. From that date, contrary to the general course of industrial securities, the shares rose till 33 (for cash) or 38 (in bank-notes) was recorded in 1696. Such a price, in view of the prevailing depression during the crisis, shows that the company was considered to be doing well.

It is possible to some extent to reconstruct the state of its finances in 1696. It had, at that time, 670 looms at work in London and 98 at Ipswich, making a total of 768, which gave employment to about 6,000 persons[2]. A loom was capable of making 10 to 12 pieces of lustrings in the year, each of which contained on an average 4 lbs. of silk and consisted of some 60 ells in length[3]. Since the total demand of England for lustrings, while this trade with France was open, was estimated at 10,000 pieces annually, it will be seen that the company had brought its capacity up to a point which approximated to the amount required just before the Revolution. Whatever might have happened in the future, as yet the maximum output was not being produced. It was said by the Weavers' company, which at that time was hostile to the Lustring company, that the latter during the first four years of its existence had only made 9,000 pieces[4]. Doubtless this is an underestimate, but, if any reliance can be placed on it, the output in 1696 is unlikely to have been 7,680 pieces. Taking the circumstances into account, it may be estimated that the actual production in that year was 5,000 pieces. The prices at which bidding started at the sales were from £12 to £16 per piece. Taking the average of these, the output for the year may be valued at £70,000. From this must be deducted the cost of production, which consisted of two main elements. There was first the value of the silk consumed. This was returned at a later date as 30*s.* per lb.[5] Since a piece contained on an average 4 lbs. of silk, the cost of the raw material came to £6. The other important element of outlay was the payment of labour, which was made on a piece-work basis. It is

[1] *Journals of the House of Commons*, XII. p. 230.

[2] *Ibid.*, XII. pp. 224, 225.

[3] *Ibid.*, XII. pp. 219, 225, 226.

[4] *The Weavers' Answer to the Objections made by the Lustrings' Company* [Brit. Mus. $\frac{816.\text{m}.13}{123}$].

[5] Treasury Papers, CXXXIX. 19; *Calendar*, 1708–14, p. 327.

recorded that the expense under this head came to 1*s.* per ell[1]; that is, for the piece averaging 60 ells, to £3. So that altogether the manufacturing costs came to £9 for the piece, leaving a profit of £5. It may be noticed in passing that the wages appear unduly low in respect to the numbers of persons employed. It is true that a loom could earn £30 to £36 a year, but this was divisible amongst seven or eight persons. Allowing that some of these were apprentices, the earnings of the master-weavers would seem to have been small even for the time. The explanation of the apparent anomaly is to be found in the fact that one weaver frequently superintended the working of several looms. Thus, as against 670 looms at London, there were only 229 master-weavers, several of whom had charge of 16, 17, 18, and 19 looms each[2]. This phenomenon would apply also to the dyers and to some of the other occupations, so that it becomes necessary to this extent to revise the figures furnished by the company that 768 looms would maintain 6,000 hands. These results give the manufacturing profit on the basis of an output of 5,000 pieces, which may be summarized as follows:

Manufacturing Profit of the Royal Lustring Company in 1695–6.

	£	£
The estimated annual output of 5,000 pieces was valued on an average at £14 per piece		70,000
5,000 pieces required 20,000 lbs. of silk at 30*s.* per lb.	30,000	
5,000 pieces, containing on an average 60 ells, cost for labour at 1*s.* per ell	15,000	45,000
Balance being manufacturing profit = to nearly 35 °/₀ on the issue-price of the shares		25,000

This statement is confirmed by the account given of the liquid assets of the company at the end of 1696. It had finished goods on hand worth £30,000, its stock of raw silk was valued at £20,000[3]. In all probability the debts, due to the company, exceeded those owed by it. To this total was to be added that of buildings and looms. Since Lewis Crommelin obtained between £30 and £50 each for those, used by him in making linen[4], it is likely that the value of the 768 looms may have been as much as £25,000, so that altogether it is clear that the whole assets of the company were calculated to be worth considerably more than the nominal capital, or even than the total sum represented by the aggregate issue-price of the shares.

[1] Charles King, *The British Merchant*, I. p. 8.

[2] *Journals of the House of Commons*, XII. pp. 224, 225. It was, however, stated by the governor in 1711 that the weavers, employed in 1695, numbered 507. Treasury Papers, CXXXIX. 19.

[3] *Journals of the House of Commons*, XII. p. 210.

[4] Treasury Papers, LXXXIII. 104; *Calendar*, 1702–7, p. 96.

These results represent the summit of prosperity attained by the company during the early years of its history. Towards the end of 1696 its trade began to fall off, and the next year witnessed a sudden and dramatic change in its fortunes. In spite of the increased measure of protection, conferred by Parliament, which raised the valuation of foreign lustrings, on which Customs were to be paid, from 40*s.* per lb. to 80*s.* per lb.[1], and which was tantamount to prohibition, the sales of the company continued to decline. By the summer of that year, although the production had been diminished, the stock of lustrings had increased, and over £50,000 was locked up in it. It became increasingly difficult to make sales, even at reduced prices; and, by the beginning of 1698, the number of looms in operation had been reduced from 768 to 40 or 50[2]. No doubt the recent crisis would account for a considerable falling off in the demand, but it was apparent that the complete explanation must be sought elsewhere. Under the monopoly of the charter, the company was the sole producer of lustrings in England, these fabrics could not be legally imported from France, while the duty, recently imposed, should have protected it against the competition of other foreign countries. The only solution was that there had been a remarkable increase in the quantity smuggled. The agents of the company began to feel the opposition of some powerful and secret competition, which had created an organization immensely more skilful than the sturdy "free-traders" of the coasts. For some time all efforts to unmask this combination of adverse influences were fruitless. At length a clue was found in the seizure of a passport, issued by the King of France, granting safe-conduct to an English ship to load silks. This document, which was dated July 7th, 1695, was enclosed in a letter to a banker at Paris, signed by *G* and *B*, which asked for a renewal of the safe-conduct[3]. The problem then arose to discover the identity of the persons, described by these initials. By April 1697 it was found that these were two partners, Frenchmen resident in London, named John Goudet and David Barrau. A search-warrant was obtained in June, and Goudet's books and papers were seized. Most of the important letters were in cipher, but, as these were interpreted, evidence began to accumulate, which pointed to transactions of more than commercial importance. The company was now in a position to approach Parliament; and, on February 18th, 1698, its petition was considered and referred to a Committee[4].

The investigation, which ensued, was a very thorough one, and the

[1] *Statutes,* VII. p. 401.

[2] *Journals of the House of Commons,* XII. p. 210.

[3] *Ibid.,* XII. pp. 210, 223.

[4] *Ibid.,* XII. p. 118.

report resulting from it, presented on April 16th, is a document of extraordinary interest. It contains, in the bald official precis of the evidence, the records of eye-witnesses of all those stirring episodes that are now chiefly remembered as a part of the mechanism of the tale of adventure. The escaping Jacobite stealing secretly on board the lugger, sailing from Romney Marsh, where "there was not one in a hundred but is concerned in the owling-trade" which they would follow in spite of all risks, "even if there were gallows erected at every quarter-mile along the coast": the system of passwords, ciphers and secret signals: men passing under false names and disguises: the informer screwing up his courage to risk his life for the sake of the reward—all these figures constituted the *dramatis personæ* of the enquiry. But behind and beyond such picturesque episodes lies the greatest value of the report, in so far as it reveals the prime movers, by whom the subordinates were set in motion. Thus the complete organization of a highly developed system of contraband trade is unmasked. Its ingenuity consisted in the success with which the furtive character of the sale of goods, illicitly imported, was overcome. As a general rule the danger, involved in the marketing of commodities that had been smuggled, meant lower prices with a consequent reduction in the profit which might otherwise have been obtained. It was comparatively rare for large wholesale merchants to deal in contraband goods, and it was by the adhesion of a number of members of this class that it became possible to devise a comprehensive scheme for the open sale in England of lustrings that had been made at Lyons. Though Goudet was first detected, the leading personage, amongst the infringers of the Customs laws, was Seignoret, who had been an assistant of the Lustring company and who owned shares in it as late as 1698. He was a man of great wealth, having by himself or with the aid of his friends lent the government no less than £400,000. In July 1697 he held as much as £105,000 in public securities[1]. The other participants in the scheme, though their fortunes were not so great, were all men of considerable means and good credit, most of whom were of French extraction, but carrying on business in London. Seignoret was himself a native of Lyons, and he kept in touch with the silk trade there. He knew that there was a great antagonism to the Lustring company amongst the weavers of France, who had been informed that "the patent could be broke by the expenditure of 100,000 crowns[2]." It was firmly believed by the assistants that a "public stock had been raised at Lyons to destroy the trade[3]." Certainly the French makers quoted very low prices to anyone who would take

[1] *Journals of the House of Commons*, XII. p. 222. [2] *Ibid.*, XII. p. 211.
[3] Treasury Papers, CXXXIX. 19; *Calendar*, 1708–14, p. 327.

the hazard of running their goods into England[1]. The French merchants in London, who joined with Seignoret and Goudet, formed themselves into a secret company and made calls on the members[2]. Lustrings were run in the usual manner and were stored in concealed receptacles in the lighthouses or other secure hiding-places, until they could be safely removed[3]. The seals and debentures, used at the Custom House, were copied with the most minute fidelity, and some of the genuine ones of the Lustring company were obtained by fraud. Nothing then remained but to fix these marks to the French goods, when they could be sold openly. After this plan had been in operation for some time, a further refinement was devised, by which the lustrings, made in Lyons, were conveyed to Rotterdam by Lisle and Antwerp[4]. On the arrival of the packages, the French seals were replaced by Dutch ones, and the goods were shipped to England in the ordinary way. This method was safer than the former one, though less profitable, but the gain was increased when the silks were run in the usual manner and brought to London, where they were again marked as having passed the Customs. The contraband trade, that sprung up suddenly, assumed vast proportions—a single cargo, that was successfully landed, was valued at £7,000[5]. A common shipment of lustrings was one worth about half that amount[6]. Necessarily the loss of revenue was considerable, while the Lustring company suffered greatly. But a more serious aspect of the case was the element of treasonable correspondence suggested by the discovery of a French safe-conduct, of the most ample kind, for an English vessel, while the countries were at war. Necessarily some consideration must have been given for a protection of this nature; and, in the opinion of the House of Commons, information was sent to France, disclosing particulars of the state of the country and of naval and military preparations[7]. Since none of the original correspondence was seized, there was no direct proof of this charge, but it is significant that Goudet was sufficiently indiscreet to keep copies of his letters to Baudran, a banker at Paris, which show that he and his associates were working energetically against the conclusion of the treaty which England was then negotiating with Savoy[8].

[1] *Journals of the House of Commons,* XII. p. 213. [2] *Ibid.,* XII. p. 214.

[3] *Ibid.,* XII. p. 213.

[4] Complaints were frequent that the Dutch gained, by being able to pursue a direct trade with France, whereas Britain could only obtain French goods "at second-hand," through the Dutch—*Great Britain's Union, and the Security of the Hanover Succession considered,* 1705, in Somers' *Tracts* (1751), XV. p. 108; *Some Short Considerations concerning the State of the Nation,* in *State Tracts published during the reign of William III.,* II. p. 323.

[5] *Journals of the House of Commons,* XII. p. 212.

[6] *I.e.* of 19 packets containing each 10 to 12 pieces, *Ibid.,* XII. p. 217.

[7] *Ibid.,* XII. p. 272. [8] *Ibid.,* XII. p. 218.

The allegations of fraudulent importation had been fully established, and it was decided to impeach Goudet, Barrau, Longueville, Seignoret, Baudowin, Santini and Diharce as the chief offenders. A large number of others, who were implicated as abettors of smuggling or as receivers of the goods, were ordered to be prosecuted[1]. As a result of the impeachment, the persons accused were fined £19,500, of which £10,000 was borne by Seignoret[2]. It is significant of the acrimony with which the dispute between the Old and the New East India companies was being conducted that Shepherd—the promoter of the latter which was at this time obtaining capital—told Seignoret that he might better his case before Parliament if he subscribed[3].

Necessarily the Report of the Commons' Committee represents the purely English point of view, and, in order to ascertain whether it was distorted by prejudice or feelings of national animosity against the French, it is worth interrupting the main thread of the narrative to enquire to what extent confirmation of the evidence at the Parliamentary Enquiry can be obtained from information discoverable at Lyons. There are several petitions of the silk-weavers there which show that, after the prohibition of commerce by England, the industry was in a state of very great depression. They complained, for instance, that many were without work and were in great misery[4]. Their employers, being themselves without an outlet for their production, could only employ a few hands[5]. Application had frequently been made to the King, with a view of obtaining some alleviation of this "profonde misère[6]." As early as July 5th, 1695, a representation had been made that the exclusion of French silks from England was so complete that some new method must be devised to overcome the prohibition. It was then announced that the manufacturers of Lyons had resolved, in concert with certain London merchants, to purchase a small English vessel which it was intended to load at Calais, and a passport for this ship was asked from the King, with a view "of concealing the design from the English and Dutch[7]." Doubtless it was the passport, granted in response to this petition, which was seized in England in 1697 and which constituted the clue to

[1] *Journals of the House of Commons*, XII. p. 241.

[2] *Journals of the House of Lords*, XVI. p. 340. The whole of this fine went to Greenwich Hospital—Treasury Papers, CXXXIX. 19.

[3] *The Manuscripts of the House of Lords*, 1697–9, III. p. 231; *vide supra*, II. pp. 165, 166.

[4] Recueil du Précis des Titres et Papiers de la Communauté des Marchands et des Maîtres fabriquants de la Ville de Lyon (this collection is also described briefly as "Inventaire de la Grande Fabrique"), No. 43Q.

[5] *Ibid.*, Nos. 43R, 43T. [6] *Ibid.*, No. 43Q.

[7] *La Grande Industrie sous le Règne de Louis XIV.*, par Germain Martin, Paris, 1899, p. 254.

the discovery of the ingenious evasion of the prohibition, for which, as has been shown, Seignoret and his abettors had been fined.

It remained to reward those who had been instrumental in detecting the culprits. Hilary Ranue, who afterwards became governor of the company, received an act of naturalization, *gratis*[1]. Payment was made to the governor, on behalf of the shareholders, of £2,400 out of the forfeitures of smuggled goods[2], and a continuance of this grant was promised for the next six years. Yet another act was passed with the double object of discouraging smuggling and of strengthening the company. The charter was explicitly recognized by Parliament, and the term of the monopoly was prolonged so as to cover the period for the ensuing fourteen years from June 24th, 1698. The prohibition of French lustrings was re-enacted, and the various previous regulations, as to the licensing and sealing of those from other foreign countries, were confirmed. To meet the disclosures made at the enquiry, some further stipulations were added, as for instance that all lustrings from abroad must be landed at London, that the penalty for the counterfeiting of seals involved the pillory and a fine of £500 for each offence[3].

The Lustring company, having succeeded in defeating the combination formed to wreck it, proceeded to make the most of its victory. Publicity was given to the recent act in its favour, and energetic steps were taken to co-operate with the Customs officials in the detection of the smuggling of silks[4]. It was not long before this policy resulted in some friction with the Weavers' company. Six pieces of black silks had been seized as lustrings; and, at a full court, held on September 29th, 1701, the Weavers protested that these fabrics were not of such a nature as to come within the scope of the act[5].

As might be expected, the effect of the great contraband trade had been to reduce the price of the shares, which fell from 33 in 1696 to 18 in 1697. This quotation was maintained during the parliamentary investigation in 1698, but it is unfortunate that, after April 20th, the Lustring company disappears from Houghton's list.

Altogether, apart from the loss by smuggling, the company suffered from the crisis of 1696–7 in being unable to collect money due to it, and a loan of £22,000 had to be obtained[6]. A return towards prosperity is shown by the proceeds of the sale held on March 3rd, 1698, when between £10,000 and £11,000 was realized. On this occasion,

[1] *Journals of the House of Commons*, XII. p. 241.
[2] Treasury Papers, LI. 51; *Calendar*, 1697–1701, p. 109.
[3] 9 Will. III., c. 43; *Statutes*, VII. pp. 426–8.
[4] *London Gazette*, No. 3463, Jan. 16, 1699.
[5] Court Books of the Weavers' Company, XIII. f. 8.
[6] *Journals of the House of Commons*, XII. p. 222.

prices were considered good, 6*s.* per ell being obtained or £18 per piece[1]. The absence of any record of the proceedings at meetings of the company makes it impossible to determine its financial position in 1698. As its stock was realized and debts due to it collected, there should have been a considerable surplus. There are various indications that point towards the conclusion that there was not a sufficient market to employ all the looms that had been established in 1695. In accordance with contemporary practice, if there were such surplus funds, not required in the business, a dividend or division would have been made to the shareholders, which would have consisted of a return of capital, though not described as such. Had a division of this character been made, it would have had an important bearing on any quotations of the shares after 1700; since the price, then paid, would compare, not with the original sum of £30, but with that amount less the capital returned. Though it would appear that the company was in a position to make a distribution of the kind indicated, there is one important consideration which has to be taken into account. The weavers, employed by the company, stated that they had been supported at the expense of their employers during "the calamitous times," when only a few looms were at work and when they would otherwise have starved[2]. Such outlay may have consumed a large sum, which, under other conditions, would have been divisible amongst the shareholders, and it may have been that it was not found possible to make any large distribution.

It was not long before it was seen that the repressive measures of 1698 had not been effective in suppressing the smuggling of lustrings and silks. In 1703 the Weavers' and Lustring companies constituted a joint-committee to promote further legislation[3]. It was proposed that an act should be obtained to compel the sealing, not only of lustrings, but of all black silks, made in England. At a "Common Hall" of the Weavers this scheme was rejected "as destructive to the trade[4]." Just about this time the Lustring company began to experience a new difficulty. On the renewal of the war between England and France, the products of the latter country were again formally prohibited. By an oversight in the drafting of the act, it was not expressly stated that goods, seized as contravening it, must be sold only for exportation. Hence French lustrings were being sold and worn in England. These facts were set forth in a petition of the company to the House of Commons, which was considered on January 15th, 1706[5]; and it was resolved that, since English lustrings equalled, if they did not

[1] *Journals of the House of Commons*, XII. p. 210.

[2] Treasury Papers, CXXX. 95; *Calendar*, 1708–14, p. 273.

[3] Court Books of the Weavers' Company, XIII. f. 16.

[4] *Ibid.*, f. 17.

[5] *Journals of the House of Commons*, XV. p. 236.

excel, those of French manufacture, the company should be placed in as favourable a position as it occupied before the late act[1]. Accordingly, a short measure was passed, giving effect to this resolution; and, in particular, prohibiting the wearing of French lustrings in England[2]. This legislation appears to have been effective for a short space; but, on the Union with Scotland, a fresh and somewhat ingenious attack was launched against the monopoly of the company. Under the Scottish act of 1681[3], though lustrings should have been mentioned (as these fabrics fell within the scope of the goods intended to be excluded from the country) they were not enumerated[4]. The act of Union established freedom of trade between England and Scotland, and therefore some merchants imported French lustrings into Scotland before this act came into operation; and, on its being put in force, they brought the goods to England, as having been "lawfully imported into Scotland." When the Lustring company effected a seizure, its legal advisers were met by the following argument—"the commodities in question cannot be liable to be exported, unless they be first forfeited; nor can they be forfeited, unless they were illegally imported, which undoubtedly they were not[5]." About the same time, it was afterwards alleged, the company had covered the importation of silk by private traders, thereby obtaining for the latter certain advantages in passing the Customs[6].

By the year 1710–11 some indications are again obtainable of the financial condition of the company. In 1706 the shares changed hands at 15½ to 16[7]. In view of the possibility that considerable returns of capital may have been made, the depreciation was perhaps more apparent than real. It is true that Ranue, the governor, stated in 1711 that the losses, up to that date, had been £40,000[8]; but, since he was agitating to obtain payment of six years of the grant of £2,400 (which had only been received once by the company), it is probable this version of the situation requires some modification. A truer view of the position can be gained by piecing together a number of statements which give

[1] *Journals of the House of Commons*, xv. p. 249.

[2] *Statutes*, VIII. p. 549. [3] *Vide infra*, Division IX., Section 1.

[4] *Acts of the Parliaments of Scotland*, VIII. pp. 348, 349.

[5] *Observations on the Acts made for the Encouragement of the Lustring Company, which relate to the Exportation of French Alamodes and Lustrings; humbly offered by Walter Stewart and William Murray, Petitioners* [? 1708]. Similar practices were adopted in the case of wine and brandy—*The Trade of Britain stated, being the substance of two Papers published in London on occasion of the Importation of Wine and Brandy from North Britain* [1708].

[6] Treasury Papers, cc. 32; *Calendar*, 1714–19, p. 235.

[7] *A General Treatise of Money and Exchanges*, by Alexander Justice, London, 1707, p. 33.

[8] Treasury Papers, CXXXIX. 19.

the profit from manufacturing. There were 200 looms at work, the output being 2,000 pieces annually. The cost of production remained about the same as it may be estimated to have been in 1695–6, that is £9 per piece. The price realized, however, was higher, being now as much as £16 per piece. In this way the following result is obtained:

Profit on Manufacture, 1710–11.

2,000 pieces at £16 per piece	£32,000
Cost of production at £9 per piece	£18,000
Manufacturing profit	£14,000

That the looms were fully employed appears highly probable from the fact that the return of the purchases of raw silk from August 1st, 1710, to January 19th, 1712, happens to be in existence[1]. It amounted to 10,207 lbs. for that period. This would give an annual consumption of 7,500 lbs., which agrees fairly closely with that estimated independently in the foregoing calculation which would have been 8,000 lbs. Such a result, even after providing for the expenses of selling the goods, for the payment of officials to detect smuggling, for bad debts and other incidental outlay, ought to have left a balance sufficient to provide a respectable return on the capital. While the actual present position of the company in 1711 appears to have been satisfactory, the approaching determination of its monopoly made the outlook uncertain. The governor approached the government with a view to obtaining a prolongation of the special privileges. It was urged that the company could employ 14,000 or 15,000 persons, "if it were suitably encouraged"; while new shareholders were promised admission, on their buying an interest, "at the intrinsic value of the stock[2]." The weavers, working for the company, also petitioned in favour of its continuance, asserting that, if it were dissolved, they were faced with the prospect of starvation[3]. When the treaty of peace with France was under negotiation, the company found that, should it be ratified in the form proposed, French lustrings would again be imported. It was believed by all the opponents of the clauses, relating to commerce, that the lustring trade would not be able to survive the new competition[4]. Moreover, were this

[1] Chancery Proceedings (1714–58), Bundle 2355, Triquett *v.* Royal Lustring Co.

[2] Treasury Papers, CXXXIX. 19. The reason for the latter offer is possibly as a reply to the objection that the shares had not been sold freely of late. In this respect the joint-stock companies of the period were faced by a dilemma; if sales were numerous they were accused of stock-jobbing; if few, of the stock being monopolized.

[3] *Ibid.*, CXXX. 95; *Calendar*, 1708–14, p. 273.

[4] *The Trade with France, Italy, Spain and Portugal considered: With some Observations on the Treaty of Commerce between Great Britain and France* (Somers' *Tracts*, IV. p. 555; Charles King, *British Merchant*, I. p. 8).

part of the measure rejected, it had to be recognized that the Weavers' company would oppose the renewal of the monopoly—indeed, on June 29th, 1713, the former body expressed the intention of entering on the making of lustrings, as soon as the privileges of the company were determined, or came to an end by the effluxion of time[1]. Under these circumstances the company decided to cease manufacturing; and, in an advertisement dated October 3rd, 1713, it was announced that this step had then been taken. After a final sale on the 15th, business was to be discontinued[2]. A general court was held on November 6th at which a dividend was to be declared[3]; and, on December 17th, a further meeting was summoned for special affairs[4].

Although business, in the production of lustrings, was no longer carried on, the company continued to exist as a corporation. Doubtless there were numerous claims which required time to adjust. As late as September 24th, 1716, a former servant of the company made charges against the assistants, chiefly of small irregularities at the Custom House[5]. The investigation of these complaints, together with other matters of detail, delayed the dissolution of the undertaking. There were still some assets remaining at the end of 1719; and, when the boom of 1720 began, steps were taken to make a fresh start or else to dispose of the charter. There seem to have been negotiations with one of the marine insurance undertakings before February, with a view to the latter course. Eventually it was resolved to raise more capital for manufacturing, and 10,000 shares were created. When a call of £1 per share on each of these was announced, as payable on May 2nd, those who were proprietors of the 2,400 old shares were informed that at the same time warrants for a dividend of 8*s.* per share were payable to them[6]. Subsequently there were reports of negotiations with the Sun Fire Office[7], and the Prince of Wales became interested in the company[8], with the result that the shares advanced rapidly. In the summer they were said to have been paid up to the extent of £5 or £5. 2*s.* 6*d.*, and they touched 120[9]. The joint effect of having trafficked in its charter and also abandoned the trade, for which it had been

[1] *Journals of the House of Commons,* XVII. p. 444.

[2] *London Gazette,* No. 5161, Oct. 3, 1713.

[3] *Ibid.,* No. 5167, Oct. 24, 1713. [4] *Ibid.,* No. 5180, Dec. 8, 1713.

[5] Treasury Papers, cc. 32; *Calendar,* 1714–19, p. 235.

[6] *Post-Boy,* April 14–16, 1720; *Applebee's Journal,* September 17, 1720, reprinted in *Daniel Defoe: his life and recently discovered writings,* by W. Lee, 1869, II. p. 279.

[7] *Vide infra,* Division XI., Section 2 c.

[8] "The Prince and Princess descended to desire subscriptions in all ye bubbles, Copper, Lustring and I know not what and boasted of their gains," MS. "Second and Last Advice to ye Freeholders of England," 1721.

[9] Anderson, *Annals of Commerce,* III. p. 339.

incorporated, for at least six years, caused the Lustring company to be one of those against which the celebrated writ of *scire facias* was issued in August 1720[1]. With the declaration of the invalidity of its charter in respect to its proceedings at this time, its title disappears finally.

Summary of Capital and Prices of the Shares.

Capital.

£60,000, divided into 2,400 shares of £25 each, issued at £30.

Prices of Shares.

Year	Date of highest price	Prices	Date of lowest price
1692	April 14, 21	32—30	May, June
1693	Jan. to June	30—27	Sept. 13, 20, 27
1694	Jan. 4, 10, 17	29—20	Dec. 5-26
1695	Oct. 4, Dec. 11 to end of year	30—20	Jan. 2, 9, 23, Feb., March, April and May till 23rd
1696	Feb. 5, 12	33[2]—25	Dec.
1697	Jan. to June	25—18	Aug. 28 to Dec.
1698	Till April	18	
1706		16--15½	

[1] Cf. Part I., Chapter XXI.
[2] Or 38 if purchased by bank-notes.

SECTION IV. THE GOVERNOR AND ASSISTANTS OF THE KING'S AND QUEEN'S CORPORATION FOR THE LINEN MANUFACTURE IN ENGLAND (1690).

Though linen had been produced at an early period in England, all the finer qualities were imported until the Restoration. In 1669 some French weavers, settled at Ipswich, had made linens which sold at 15*s*. per ell[1]. As yet, however, the industry had not taken firm root, and a patent was granted to Charles Howard, encouraging him to manufacture fine linens[2]. Many years elapsed before he set to work. After the removal of the prohibition of the importation of French manufactures in 1685, there was a great demand for the products of that country. This was especially so in the case of fine linens. The quantity entered in the books of the Custom House in 1686 was valued at £398,611, and the average of the next three years is said to have been as much as £700,000[3]. The arrival of the Huguenots supplied the technical skill that had hitherto been lacking, and it was clear that there appeared to be an opportunity for a man of enterprize, who could command capital and was able to secure competent workers. Eustace Burnaby—who claimed to have an invention for white paper-making—came forward, and, on February 11th, 1687, he petitioned for a patent "for working and weaving superfine white thread and fine linen, commonly called bag-hollands, diapers, damasks...and all other sorts which had not hitherto been made in England[4]."

After the Revolution Nicholas Dupin, in association with Henry Million and a number of others, undertook to introduce the French method of bleaching and manufacturing fine white linen, and on May 27th, 1690, they obtained incorporation as *the Governor and Assistants of the King's and Queen's Corporation for the Linen Manufacture in England*. The charter recites that the founders of the enterprize had

[1] *The Happy Future State of England,* 1688 [Brit. Mus. 599.k.18], p. 257.

[2] MS. Rawl. A. 336, f. 40.

[3] *The British Merchant or Commerce Preserv'd*, by Charles King, 1721, I. p. 319.

[4] State Papers, Domestic, Petition Entry Book, LXXI. p. 317. With reference to Burnaby's connection with the paper trade, *vide supra*, p. 63.

at their own charges, both in foreign parts and at home, found out several profitable arts and mysteries, such as the art of preparing flax and hemp for making and weaving all sorts of cambrics, lawns, diapers, damasks, bag-hollands and other sorts of cloth, and the making of looms, heckles and other engines, not hitherto used in this kingdom, which are necessary for preparing the threads and weaving, working and bleaching the said manufactures. To encourage the corporation the sole privilege of exercising these inventions was granted to it. The governing body was to consist of a governor, deputy-governor and 15 or more assistants. The two former officials were "to be chosen out of the assistants and the latter out of the freemen of the company" by plurality of votes. One vote was allowed for each share or "charge a member had in the joint-stock[1]."

The undertaking was divided into 340 shares, and these were subscribed by the members and their friends at £10 each[2]. It would seem that £3,400 should have been available as capital, but this was not so, since there was some outlay of the nature of preliminary expenses. Just at the time that Dupin and his associates were applying for a charter, Howard had begun "to set up the linen manufacture in the north" under the patent he had obtained. According to his own account, he was approached by the two "mystery-men"—Dupin and Million—with a view to his taking shares in the proposed corporation. Howard, "altogether disliking" the idea, refused to join the projected company, whereupon Dupin offered him 20 shares, "acknowledged to be worth £200," if he would appear before the Attorney-General to support the petition for the charter. On this basis the opposition was withdrawn, and the grant of incorporation was sealed[3]. No doubt, as in other cases, the promoters of the company received some consideration, either in the form of shares, issued to them without payment, or else out of the funds subscribed by the public. It follows that the corporation started business with very small resources, in spite of which energetic steps were taken to initiate manufacturing. Workhouses and warehouses were built[4], while

[1] State Papers, Domestic, Signet Office, XII. p. 355; *Ibid.*, Patent Roll, No. 3337; *Proposals of the Gov^r and Ass^ts of the King's and Queen's Corporation for the Linen Manufacture in England* [Brit. Mus. $\frac{816.\text{m}.13}{48}$].

[2] *Proposals, ut supra*; MS. Rawl. A. 336, f. 40.

[3] Statement of Charles Howard of his part in carrying on the Linen Company with Nich. Dupin and Hen. Million, 1691, April 18; MS. Rawl. A. 336, f. 40. According to this account of Howard's, he refused to transfer his patent to the corporation, but it is recorded, in a petition of the governor and assistants (State Papers, Domestic, Will. and Mary, Petition Entry Book, I. p. 146), that a former patent had been purchased.

[4] State Papers, Domestic, Will. and Mary, Petition Entry Book, I. p. 146.

Howard provided flax tools, engines, mills and looms, besides superintending the sorting and spinning, also presenting the corporation with "his conveniency, friends and interest in the north[1]." The progress of the work and its prospects soon began to attract attention, and Narcissus Luttrell, writing on December 18th, 1690, says that "the new Linen corporation is much increased[2]." Such "increase" related partly to the output of linens, partly also to the formation of an Irish linen company, on terms which were believed to be exceedingly beneficial to the English organization. Dupin was sufficiently astute to see that both Scotland and Ireland possessed considerable advantages for the linen industry, and he took steps to establish companies in each country. There is some doubt as to the original form of the scheme with regard to the relation of the three undertakings to each other. Inasmuch as they were finally organized as associated companies, with the English corporation in the most important position, and since the governing body of the latter accused Dupin of "many unfaire practises[3]" at the inception of the Irish venture, it may be inferred that the intention of the inventor in 1690 was that the companies in each country should be mutually distinct and independent. The position at the end of the year was that the Scottish project had been temporarily withdrawn owing to the opposition of the Royal Burghs[4], but that a charter had been signed on December 13th, 1690, for an Irish linen corporation, constituted in a similar manner to the body already established in England. The latter took the view that Dupin, besides being its deputy-governor, was bound by his agreements with it to supervise the process of manufacture according to his own secrets, and that therefore he could not fairly act in a similar capacity to another, and a rival company. The difficulty was overcome, for the time being, by an arrangement which was designed to protect the interests of the English corporation. Dupin, as promoter of the Irish undertaking, was to receive 100 shares of £5 each without being required to pay calls on them. On December 29th, 1690, the governor and assistants of the English company required that these vendor shares should be handed over by Dupin to them to be divided *pro rata* amongst the adventurers. This claim rested on the fact that Dupin was an official of the company and therefore the fruits of his work, in developing the linen trade, belonged to the corporation. The surrender of the vendor shares was agreed to by Dupin on April 4th, 1691, subject to the qualification that he should be required to transfer only 85 of these, as he had already parted with 15 to "two gentlemen

[1] MS. Rawl. A. 336, f. 40.

[2] *A Brief Historical Relation of State Affairs,* II. p. 147.

[3] Add. MS. (Brit. Mus.) 28877, f. 109.

[4] *Vide infra,* Division IX., Section 4 c.

who had designed to take out a linen patent for Ireland." The scrip-bonus, procured by this arrangement, was very valuable. Each member of the English corporation, who held four shares, became entitled to one share of the Irish company. These latter at one time sold at from £40 to £50, so that, at that price, the bonus was one valued at about 100 per cent.[1] Moreover a number of provisions were made which affected the output of the Irish corporation. The English organization was to act as its agent, receiving a commission for factorage and storage[2]. It was alleged that the effect of these agreements was that the Irish company could only sell its linens in England, and that through the English corporation[3]. A further agreement was made on the basis of certain proposals of Dupin's, the latter being dated April 10th, 1691. These related chiefly to the devising of means by which the control of the Irish corporation should be divided equally between the English company and persons resident in Ireland who subscribed for shares in the former. Under this scheme the English body undertook to pay for one-half of any shares issued, while the Irish undertaking agreed to allot the moiety of such shares to the nominees of the English corporation[4].

The benefit of this scrip-bonus, together with "the expectation of great profit," caused the shares to rise to a great premium[5]. "The actions," in the words of a contemporary writer, "mounted apace," and the corporation, finding that it required further capital to carry on its operations in England and to take up its quota of the shares of the Irish company, offered to receive a new subscription at £50 per share[6]. A considerable amount of this issue had been taken up by April 1691[7], and the funds, so obtained, were employed in increasing the output of the company. Public sales were held by inch of candle at the "Old African House." At the third of these, on November 22nd, 1692, 10,000 pieces were offered, divided into 600 lots, consisting of a considerable quantity of white linen ("none having ever before been so well

[1] *Vide infra*, p. 100. It is not clear whether this scrip-dividend was distributed before or after the issue of further shares at 50. It seems probable that the latter was the course adopted; if this was so, the value of the bonus per share would necessarily be less.

[2] Minutes of proceedings respecting articles to be inserted in the Charter of the Linen Corporation for Ireland, with the agreement thereto of the projectors, Dupin and Million, 1690–1; MS. Rawl. A. 336, ff. 44–6.

[3] *The Linen and Woolen Manufactory Discoursed, with the Nature of Companies and Trade in general*, London, 1691, pp. 11, 12 (Advocates' Library).

[4] Proposals made by Nicholas Dupin to the Linen Co., April 10th, 1691; MS. Rawl. A. 336, f. 42.

[5] *Angliæ Tutamen*, 1695, p. 24.

[6] *Proposals, ut supra.*

[7] In MS. Rawl. A. 336, f. 42, in the course of a statement dated April 10, 1691, there is a reference to the "second subscribers."

whitened in this kingdom"), many "locrums" and "dowlas" and other white and brown linens. Purchasers, paying cash, were to receive 5 per cent. discount, those settling within a month 4 per cent.[1]

Beneath this appearance of great prosperity, the corporation was exposed to a number of difficulties and dangers. In 1691 there was a quarrel between Dupin and Howard. The former had asked Howard to communicate his method of preparing flax, as the court had required that the secrets of manufacture should be explained to two of the assistants. This request was refused, and Howard complained that, after the ensuing quarrel, his life was "furiously sought." He also alleged that Dupin and Million had confessed to him that they had no new inventions and that they feared they would be discovered to be "grand cheats." The other side of the tale represents Howard's conduct in a less favourable light. Dupin accused him of betraying the interests of the corporation, more especially in having endeavoured "to debauch them [*i.e.* Dupin and Million] from the service of the corporation to serve his own estate in the north[2]." The blame seems to rest with Howard, since fine linen was produced after he had retired from the company, and Dupin remained faithful to it all through its career.

Only a few months afterwards friction arose with the Irish company which had bound itself to allot one-half of any shares issued to the English undertaking. On the floatation of the former, application was duly made by the court of the latter, and the specified deposit was tendered. But the governing body of the Irish company repudiated the agreement, declaring it "void and unreasonable." The English corporation wrote a letter of remonstrance on September 18th, 1691, pointing out that if it became necessary to appeal "to the rigour of the law against the violators of the contract," "such a breach is like to happen as will turne to the damage, if not the utter ruin of the manufacture in Ireland[3]."

Further, the jealousy of the woollen industry had to be faced. It was alleged that the linen trade was "a despicable one," and that it required so much labour that it would withdraw workers from cloth-making. Gloomy pictures were drawn of the danger of the decay of the English staple trade through this cause, with a consequent reduction in agricultural rents. In 1691 a bitter attack was made on the corporation on these and other grounds. It was said that the formation of a com-

[1] *London Gazette*, No. 2810, Oct. 13–17, 1692.

[2] Statement of Charles Howard of his part in carrying on the Linen Co. with Nich. Dupin and Henry Million; MS. Rawl. A. 336, f. 42.

[3] Letter of the King's and Queen's Corporation for the Linen Manufacture in England to the Governor of the King's and Queen's Corporation for the Linen Manufacture in Ireland; Add. MS. (Brit. Mus.) 28877, f. 109.

pany was not a proper way to set up and increase manufactures. The very name of an incorporation was described as "a spell to drive away... all men of industry," especially those with a capital of £500 or less. "Traders," the writer continues, "are like armies in the field, small parties, tho' numerous, give way to a united force[1]."

The court soon found itself in want of capital. Not only were large sums required to purchase flax and pay wages, but also operations were being prosecuted vigorously in Scotland, although as yet no legal authorization had been obtained there. As early as June 1691 the governor petitioned the Crown for the privilege of raising wrecks off the south coast of England, "so that the linen industry should not sink for want of support during its minority[2]"—a homœopathic remedy of upholding a sinking industry by the raising of foundered ships!

The quotation of the shares in the spring and summer of 1692 shows that the combination of friction within and attacks from without had resulted in a fall from the high price reached in 1691. During the earlier part of April they were over 40 and, for a fortnight, as high as 42. Till June 10th there was a gradual relapse, 29 being touched on that day[3], after which there was a recovery, and 38 was recorded on June 24th. During the remainder of the year the shares continued to advance, and in January 1693 they stood at 45. Thereafter the quotation was not below 40 until May. The development of the industry in Scotland was believed to be promising, and by this time Dupin had matured very ambitious plans for its further growth[4]. During the remainder of the year the price fell steadily until it was only 18 in December. This represented a premium of 80 per cent. on the original issue-price, and, in comparison with the high level reached in 1691, the quotation two years later suffered from the former being inflated by the share-bonus of that time. In 1694 there was some improvement and, for the months of February and April, the price stood at 22, relapsing however to 12 in June. At this time Houghton thought well of the prospects of the corporation "which," he wrote, "had caused many thousands of £s to be spent in this country." It was expected that, with proper methods, its business would much increase[5]. In spite of this favourable verdict, the fall continued till 8 was touched at the end of September. It is most significant that this great depreciation in the price of the shares was contemporaneous with the progress of the formation and floatation of the Scottish company in the form that this scheme had assumed in 1694. The shareholders in the English

[1] *The Linen and Woolen Manufactory Discoursed, ut supra*, pp. 5–9.

[2] State Papers, Domestic, Will. and Mary, Petition Entry Book, I. p. 146.

[3] It is possible this quotation may be a misprint, in which case the lowest price would be 30, recorded on May 12.

[4] *Vide infra*, Division IX., Section 4 c.

[5] *Collections*, No. 99, June 24, 1694.

undertaking had bound themselves to subscribe one-half of the capital required for the Scottish enterprize up to £15,000. Had this sum been demanded, it would have proved a crushing burden, involving the provision of a larger capital for a subsidiary company than the parent one, in all probability, had been able to obtain. Indeed, had the proposed stock in the Scottish corporation been fully subscribed, it would have had at its command much larger resources than the English organization. This aspect of the scheme was interpreted as evidence that Dupin and the other prominent members of the company were less hopeful than they had been a few years earlier, and the shares remained between £7 and £8 until the summer of 1697 when they fell to £5.

At the end of 1695 the prospects of the corporation were not considered promising. The author of *Angliæ Tutamen* says that "by degrees the reputation of this mighty manufacture sunk here and, I understand, is in a bad condition and will hardly hold up its head, much less advance any further[1]." About the same time the writer of an *Essay upon Projects* instances the linen company as one the shares of which were almost unsaleable, and which was likely to "come to nothing[2]." In a Report of the "Commissioners appointed to look after the trade of England," dated November 25th, 1696, it was stated that the condition of the company "was not so thriving as it might have been[3]." These different statements display a striking unanimity in attributing the decline in the position of the corporation to stock-jobbing. "All of a sudden," it is said, "some mean spirits fell to stock-jobbing and scared the easy and timorous and brought the actions down, and abundance sold off their shares, contented with their first profits, which were considerable, rather than attend the hazard of making greater in a little time, or losing some of the present[4]." It is obvious however that sales of shares by timid members would not be sufficient in itself to injure the credit of the company permanently, and, as a matter of fact, even when the shares were below par, a very extensive business was being done. Thus in 1696 a single payment of £500 was ordered by the court to a merchant at Darlington for linen bought by the corporation[5].

The steadiness of the market in the shares during 1695 and 1696 shows that, though the great expectations, formed soon after the foundation of the company, had not been realized, it was carrying on a moderate business. Two new factors were now coming into operation which affected its fortunes very adversely. From 1696 the government had

[1] p. 24. [2] p. 13. [3] *Journals of the House of Commons,* XI. p. 595.

[4] *Angliæ Tutamen*, p. 24.

[5] I am indebted to Miss Maud Sellars for copies of three bills of exchange, dated 28 Feb., 26 June, 17 October, which she discovered at Darlington. These relate to transactions of this company, the amounts being £300, £500, £500.

decided to encourage the Irish linen industry, and such action would tend to weaken the position of the English corporation. Moreover, after the peace of 1697, French linens could be imported, and it is clear that the company was unable to compete with the fine fabrics which were now coming into the country. In 1698 it is recorded that, while the corporation was still subsisting, it had no longer any looms at work, but contented itself with selling linens purchased from the weavers in Durham, Lancashire and Yorkshire[1]. It follows that the undertaking had ceased to be a manufacturing enterprize, and that it had become a mere distributing agency. Thus there was no justification for its special privileges, nor indeed was any benefit now obtainable from them, since these all related to the making of fine linens, which had been abandoned. It is significant too that, in a statement drawn up by Dupin about this time in which he urges the advantages of this industry, he does not propose that the measures, he recommends for its encouragement, should be exercised through the corporation[2].

There is no further mention of the business of the company after 1698. It is to be expected that, though it may have struggled on for a few years, it was soon compelled to wind up its affairs. In 1720, however, when application had been made for a patent for the production of linen, some of those who had been shareholders in this corporation appeared before the Attorney-General in order to oppose the proposed grant, but they were unable to show that the company had continued to exist[3].

Summary of Capital and Prices of the Shares.

Capital.

In 1690, 340 shares were issued at £10 each £3,400
In 1691 a further issue of shares was made at £50 each.

Prices of Shares.

Year	Date of highest price	Prices	Date of lowest price
1692	April 6	42—29	June 10
1693	Jan., Feb. 8, March 15	45[4]—18	Dec. 20, 27
1694	Feb. 7, April 11	22—8	Sept. 26 to Dec.
1695	Jan. to July 6	8—7	July 6 to Dec.
1696		7—7	
1697	Jan. 6, March 30, April 28	7—5	Jan. 13, Sept. 1

[1] Report from Commissioners for Trade in *Journals of the House of Commons*, XII. p. 435.

[2] *Proposals of Nicholas Dupin, First Deputy-Governor of the Linen and White-writing Corporations in England, Scotland and Ireland* [Brit. Mus. 8223.d.17].

[3] *Caledonian Mercury*, July 25, 1720.

[4] Houghton gives a quotation of 103 on May 10, 1693, but, as the price in the week before and after is only 39, it is probably a misprint.

SECTION V. TEXTILE INDUSTRIES IN IRELAND.

THE GOVERNOR AND ASSISTANTS OF THE KING'S AND QUEEN'S CORPORATION FOR THE LINEN MANUFACTURE IN IRELAND (1691).
THE DROGHEDA LINEN COMPANY (ABOUT 1691).
THE CALICO-PRINTING PATENT OF JOHN PONS AND OTHERS (1693).
THE FLAX AND HEMP COMPANY OF IRELAND (1696).
LINEN COMPANY FOUNDED BY LOUIS CROMMELIN (1699–1700).
THE GOVERNOR AND COMPANY OF THE CAMBRIC MANUFACTORY AT DUNDALK.

THE manufacturing of linens, as distinguished from the spinning of yarns, had not made much progress in Ireland by the middle of the seventeenth century. In 1641 the export of yarns amounted to 2,921 cwt., valued at £14,605 out of a total of £393,811, and at that time there was no record of any finished linens being shipped. In 1665 the latter amounted to 522 pieces of 40 ells each worth £590, while the yarn came to 3,477 cwt., rated at £17,385[1]. The Marquis of Ormonde made an effort to develope the trade by importing foreign workmen, but this scheme, like his proposed shipping company and woollen enterprize, met with small success, owing to the poverty of the country rendering it impossible to raise sufficient capital[2]. The first tendency towards an improvement however began to show itself—by 1669 the export of linen had grown from £590 to £1,044 and to £6,000 in 1689[3].

The fact that so much yarn was exported, coupled with the presence of a supply of skilled labour after the Revolution, suggested the

[1] *A Note on the Export Trade of Ireland in 1641, 1665 and 1669*, by R. Dunlop in *English Historical Review*, XXII. p. 755.

[2] *Life of the Duke of Ormonde*, by Thomas Carte, 1736, II. pp. 341–3.

[3] *Eng. Hist. Rev., ut supra*; *The Linen Trade, Ancient and Modern*, by Alex. J. Warden, London, 1864, p. 397; *New Essays on Trade*, by Sir Francis Brewster, London, 1702, pp. 91–105.

desirability of raising sufficient capital to utilize Irish yarn for the production of linen. In 1690, there were at least three schemes which aimed at effecting this object. Two of these—those of Nicholas Dupin and an independent group of promoters—sought to obtain a patent, while the remaining project was quietly matured, and those supporting it did not attempt to procure any exclusive privilege, but contented themselves with securing the necessary funds and making arrangements for commencing work at Drogheda[1]. Meanwhile, as has already been shown, the rival petitioners for a patent had come to terms, by Dupin undertaking to hand over 15 shares to the other group on their withdrawing in his favour[2]. Accordingly, a warrant was issued for the incorporation of *the Governor and Assistants of the King's and Queen's Corporation for the Linen Manufacture in Ireland* on December 13th, 1691. The English company, finding that Dupin was to obtain 100 shares in the Irish undertaking, compelled him to hand over the balance he had intended to retain for himself, after transferring the 15 shares he had agreed to give the persons who had withdrawn their petition for a patent in his favour. Further, after a considerable amount of negotiation, agreements were made by both corporations, which gave to the English body the right of subscribing for one-half of any shares issued by the Irish undertaking and of exercising a certain amount of control over its business[3].

The Irish corporation was organized on the model of the body already incorporated in England, and it was endued with similar privileges. The scheme was taken up with considerable enthusiasm in Ireland, and "many of the nobility and gentry were admitted, more for their countenance and favour to the project than for any great help that could be expected, either from their purses or their heads[4]." The difficulty of obtaining capital was such that it was decided to make the shares of the denomination of £5 each. There were to be 1,000 of these, so that, when all had been taken up, the nominal capital would have been £5,000. There was a considerable amount of difficulty in deciding the number of shares to be issued in the first instance. The matter was debated at the court of the English corporation in April 1691. It was first proposed that the quantity of shares, offered for subscription, should be the same as that at the inception of the English company, namely 340. It was feared by some that, in view of the circumstances of the case, the whole number offered might not be taken

[1] Letter of Wm. Molyneux to John Locke, September 26, 1696; Locke, *Works* (1727), III. p. 552.

[2] *Vide supra*, p. 92.

[3] *Ibid.*, p. 93.

[4] Locke, *Works*, *ut supra*, III. p. 552.

up, and it was eventually agreed that the issue should consist of 300 shares[1]. To these are to be added 100 shares assigned to Dupin, so that the nominal capital at this date consisted of 400 shares, on which it was proposed to call up £5 per share. This subscription, which was taken in the spring of 1691, was characterized in a private letter of the period as much too meagre to attain satisfactory results. The industry was said to "go but slow, having but a small stock. It was nonsense from the beginning to give away 400 shares out of 1,000 at £5 a piece, who would put their money in such a stock[2]?" With many persons, the fact of the small issued capital, coupled with the views that had been formed of the wide field that lay open for exploitation, created an urgent demand for the shares. It is recorded that "a great bustle was made about the business, many meetings were held, and considerable sums advanced to forward the work, and the members promised themselves prodigious gains, and this expectation prevailed so far (by what artifices I cannot tell) as to raise the value of each share to 40 or 50 pounds, though but five pounds was paid by each member at first for every share he had[3]." Workmen were employed and linen was being produced, when the corporation became involved in two disputes, the one with the parent body in England, already mentioned[4], and the other with the company which had started manufacturing at Drogheda. The latter had been established on "more equal terms" than had been obtainable in the case of the chartered undertaking, and "it throve very well at first[5]." The corporation, on hearing of this, took steps to enforce its monopoly, and eventually it compelled its rival to amalgamate with it. Meanwhile, in September 1691 the dispute with the English body had come to a head; and, as it progressed, the shareholders became discouraged, while "the work began to flag and the price of the shares to lower mightily[6]." By the end of 1691, or early in 1692, there was little hope that the corporation could be made a success, and it is probable that the attempt to manufacture was abandoned not long afterwards.

For a few years there is no record of further developments in the Irish textile industries, except for the grant of a patent for 31 years to John Pons and his partners for a new invention of staining and stamping calicoes, linens and other fabrics, which was dated July 3rd,

[1] Proposals made by Nicholas Dupin to the Linen Co., April 10, 1691; MS. Rawl. A. 336, f. 42.

[2] Tobie Bonnell to James Bonnell, printed in *Ulster Journal of Archæology*, II. p. 197.

[3] Molyneux to Locke, Sept. 26, 1696; Locke, *Works*, III. p. 552.

[4] *Vide supra*, p. 94.

[5] Tobie Bonnell in *Ulster Journal of Archæology*, II. p. 197.

[6] Molyneux to Locke, *ut supra*.

1693[1]. In 1696, however, an ambitious scheme was under consideration, which proposed the incorporation of a joint-stock body, under the title of *the Flax and Hemp Company of Ireland*, the capital of which was to be £300,000[2]. A contemporary critic of the Irish government wrote that all its other measures were "but trifles in comparison with the darling bill of the session, which was for the improvement of the Hempen and Flaxen manufacture, and this after H——n of T——re's project for engrossing that trade into a few hands by a former bill was rejected and exploded. This was such a *coup d'état* as would have infallibly ruined you at a stroke and have given the ministry a power of raising the whole money of the nation whenever they pleased, under the specious pretence of promoting a manufacture[3]."

There is a conflict of evidence as to the state of the fine linen trade in Ireland during the closing years of the seventeenth century. William Molyneux wrote in 1696, "I have as good diaper, made by some of my tenants nigh Armagh, as can come to a table and all other cloth for household use[4]." Louis Crommelin, who was afterwards "overseer" of this trade, stated that at this time the best linens produced in Ireland only realized 12*d.* to 15*d.* per yard[5]. With the declaration of the House of Lords in 1698 (in which it was laid down as an axiom that the wealth of England depended on the woollen trade, whence it followed that this industry should be discouraged in Ireland) there came a change in the situation. It has been said that such action was mainly political —"Protestant linens were upheld and encouraged, whereas Popish woollens were suppressed[6]." This dictum, however, assumes that the woollen industry was almost wholly Roman Catholic, whereas there was a considerable body of Protestants engaged in the trade, who petitioned the Irish House of Commons as such[7]. Further, the production of linens was not then, as it is now, localized in the north but was carried on in the south and west also.

The advancement of the cloth trade had long been accepted as the main feature of English commercial policy. This was the "heir," while all other industries were younger brethren or foster-children[8]. Therefore

[1] Irish Patent Rolls, 5 Will. and Mary, No. 3.

[2] Add. MS. (Brit. Mus.) 27382, f. 8.

[3] *A Short View of the Present State of Ireland written in 1700*, by Dr Burridge [Lib. Trin. Coll. Dub.], p. 7.

[4] Locke, *Works*, III. p. 552.

[5] Treasury Papers, XCVII. 51; *Calendar*, 1702–7, pp. 411, 412.

[6] *The Linen Trade, Ancient and Modern*, by Alex. J. Warden, 1864, p. 392.

[7] State Papers, Four Courts, Dublin—Petitions to the House of Commons—Case of the Protestant Woollen Manufacturers, Oct. 12, 1690. This petition asked that Papists should be "disabled" from working at the cloth trade.

[8] *Extracts from Several Mercators, being considerations on the State of British Trade*, 1713, p. 9.

it seemed natural to most of the statesmen of the period that "they, like their fathers, should be very jealous" of the establishment of rival woollen manufactories. But, though Irish cloth-making was to be discouraged, there was not to be an absolute loss to the country, since it was to receive compensation in the development of the linen trade. The arrangement made was in effect an anticipation of the commercial clauses in the treaty of union with Scotland, and, in the language of the latter, the linen industry was to be "the equivalent[1]" to Ireland for the check imposed on its making of woollens. From one point of view there was an exchange of a certainty for a possibility, from another the scheme aimed at "a territorial division of labour," in concentrating the labour of Ireland on a trade for which the country possessed great natural advantages. A further aspect of this equivalent was the assistance which England gave towards the improvement of the linens, produced in Ireland. This took the form of a bounty provided by England to encourage expert producers, who would settle in the country and communicate their secrets to native apprentices. Many of these instructors were Huguenots, one of the most prominent of whom was Louis Crommelin. He settled near Lisburn, and others of his compatriots established themselves at Waterford and elsewhere in the south. Crommelin was admitted to participate in the bounty on the following basis. It was calculated that the capital value of the machinery and stock, he proposed to establish, was £10,000—his looms being valued at £30 to £50 each. It was further provided that any additions to the plant should be valued on the same basis. Then, on the total so arrived at, 8 per cent. interest was to be paid as if the capital had been lent to the State, in addition to which £380 a year was assigned to him to provide salaries for his assistants and for ministers[2]. Crommelin expressed himself as being averse to trading companies—"I have always observed," he wrote, "in France, Holland and Flanders that corporations set up to regulate trade and commerce do more harm than good[3]." Possibly this remark refers to a large and unwieldy body like the King's and Queen's corporation, for Crommelin's own colony had many points of contact with a joint-stock company. In the form in which the proposition was under consideration in 1700, the stock was to be

[1] This term was in common use in the time of Charles II., *vide The Anatomy of an Equivalent,* reprinted in *State Tracts being a Collection of Several Treatises Relating to the Government privately printed in the Reign of Charles II.,* 1693, II. p. 300.

[2] Treasury Papers, LXXXIII. 104; *Calendar,* 1702–7, p. 96; *Precedents and Abstracts from the Journals of the Trustees of the Linen and Hempen Manufactures of Ireland to the 25th of March 1737,* by James Corry, 1784 [Linen Hall Library, Belfast], p. 4.

[3] *An Essay towards improving the Hempen and Flaxen Manufactures in the Kingdom of Ireland,* by Louis Crommelin, 1705, p. 24.

provided by Crommelin "and his friends[1]." In some cases it appears that the emigrants, who came with him, provided looms or other property, and thus they ranked as shareholders in respect to the subsidy of £800, paid by the English government. Further, since many of them were also engaged in the actual process of manufacture, there was a co-operative element in the management of the business. This weaving industry was one of the most successful of those established in Ireland by the Huguenots. Crommelin claimed in 1706, that the quality of Irish linen had been so much improved that it realized 8*s.* to 9*s.* a yard, as compared with only 12*d.* or 15*d.* before his enterprize had been started. He mentions too that overtures had been made to him to remove to Kilkenny, with a view of effecting a similar improvement in the methods obtaining there[2]. On the establishment of the trustees for the linen manufacture, the bounty of £800 a year was transferred to this body, as part of its revenue, and in 1711 Crommelin stated that his share of it had been reduced to £400 annually, which produced "not 3 per cent. interest instead of 8 per cent.[3]" He had already been appointed "overseer of the Royal linen manufacture" with a salary of £200 a year, and in 1717 the trustees recommended that he should be "encouraged," whereupon he was granted a pension of £400 a year[4]. He died in 1727.

There was a considerable amount of opposition to the encouragement of the linen industry. Archbishop King, writing in 1705 of one of the many bills to aid this trade, says that "the clergy's party is most shamefully invaded, and half their tythes given away without sense or reason...sacrilege is an ill way of improving manufactures[5]." Swift, for political reasons, became a bitter opponent of the linen industry and a supporter of Irish woollen manufactures. Under cover of an allegory, Ireland was compared to Arachne, condemned "to spin and weave for ever out of her own bowels and in a very narrow compass[6]." In *the Story of an injured Lady* similar charges are made in a somewhat scurrilous form[7]. Swift himself was forced to admit (and indeed devotes considerable ingenuity in endeavouring to explain away) the phenomenon of a pronounced rise in rents through land being converted from tillage

[1] *Journals of the House of Commons*, XIII. p. 299.

[2] Treasury Papers, XCVIII. 51; *Calendar*, 1702–7, pp. 411, 412.

[3] *Precedents and Abstracts, ut supra*, p. 4. [4] *Ibid.*, p. 23.

[5] MS. Letters of Archbishop King, Library, Trinity College, Dublin (under April 28, 1705).

[6] *A Proposal for the Universal Use of Irish Manufacture*, written in 1720 in Swift, *Works* (ed. 1762), IV. p. 24. A reply appeared, entitled *An Answer to the Proposal for the Universal Use of Irish Manufactures*, Dublin, 1720.

[7] *Works*, IV. p. 255.

to sheep farming[1]. One cause, which may have aided this prosperity of the grazing industry, was the prevalence of smuggling wool both to France and Scotland[2]. Meanwhile the linen trade was progressing rapidly. It was said by Swift, though doubtless with some exaggeration, that, by what he describes as "the detestable fraud of the merchants or northern linen-weavers or both," trade to the value of £300,000 a year in this commodity with Spain alone had been lost[3]. Further evidence towards the progress of the industry is to be found in the establishment of an undertaking described as *the Governor and Company carrying on the Cambric Manufacture at Dundalk* in the second quarter of the eighteenth century[4]. Such statistics as are available show that, while there was a very slight decrease in the exports of wool and woollen yarn as between 1697 and 1726, there had been an immense increase in those of linens, as will be seen from the following summary[5]:

	1697	1726
Exports of linens and linen yarn	£59,391	£342,295
,, wool and woollen yarn	£117,155	£107,559

[1] *An Answer to a Paper called a Memorial of the Poor Inhabitants...of Ireland,* 1728, *Works,* IV. pp. 289, 291.

[2] Thomas Knox to Secretary Southwell, Feb. 3, 1704, Southwell Papers, Four Courts, Dublin.

[3] *A Letter to the Archbishop of Dublin concerning the Weavers, Works,* XII. p. 209.

[4] Petitions to the Irish House of Commons, Four Courts, Dublin, Petition of Dundalk Cambric Manufacture, Nov. 7, 1739. There are references to this enterprize in *The Journals of the Royal Historical and Archæological Association of Ireland,* Third Series, I. pp. 7–20, Fourth Series, IV. pp. 139–41.

[5] *New Essays on Trade,* by Sir Francis Brewster, London, 1702, pp. 102–3; *An Essay on the Trade and Improvement of Ireland,* by Arthur Dobbs, Dublin, 1729, pp. 18, 19.

SECTION VI. COMPANIES ENGAGED IN MANUFACTURES DEALING WITH METALS.

THE COMPANY INTERESTED IN THE MANUFACTURE AND INVENTION OF MILLED-LEAD (1670).
THE DIPPING COMPANY (1691–2).
THE COMPANY FORMED TO WORK THE PATENT OF JOHN STAPLETON FOR MAKING BRASS FOR ORDNANCE (1691).
THE GOVERNOR AND COMPANY FOR CASTING AND MAKING GUNS AND ORDNANCE IN MOULDS OF METAL (1693).
THE VENETIAN STEEL COMPANY (? 1692).

IT has already been shown that one of the early objections to the East India and other distant trades, especially to tropical countries, was "the spoil of shipping[1]." The timber of the ships suffered from the ravages of certain marine organisms, and efforts were made to lengthen the life of the vessels, by "paying the hulls from the water's edge, downwards, with stuff and laying the inside of a sheathing-board (from inch and a quarter to three-quarters thick) all over with tarr and hair, to be brought over the fore-mentioned stuff, and being well nailed, graving or paying the outside of the said board all over with another composition of brimstone, oil and other ingredients[2]." The objections to this method were the cost of the frequent renewals involved and also the diminution in the speed of the ships that had been sheathed in this manner. Not long after the first Dutch war in the reign of Charles II., a new invention was discovered which, it was thought, would be free from these inconveniences. For some time lead, reduced by casting to a suitable degree of thinness, had been used for

[1] *Vide supra,* II. pp. 101–2.

[2] *A Deduction of the whole matter relating to the Lead-sheathing of his Majesty's Ships* in *An Account of Several New Inventions and Improvements now necessary for England; The New Invention of Mill'd-Lead for Sheathing of Ships against the Worm, better for Sailing and cheaper above cent. per cent. than the old Way with Boards* [by T. H.], London, 1691, p. 36.

the roofs of buildings. Such sheet-lead, owing to its inequalities, would not be suitable for the sheathing of ships, but it was thought that, if lead could be produced in sheets, all of the same thinness, the problem would be solved. Instead of casting the lead, it was proposed to roll it into sheets, and hence this process was termed "the milling of lead" and that produced was called "milled-lead." At this stage the introduction of capital became necessary, and Sir Philip Howard and Francis Watson, who were interested in the invention, sought for the encouragement of Parliament, from which an act was obtained in 1670, granting the promoters and their partners the sole use of the invention for a period of twenty-five years[1]. In order to provide funds and to determine the financial relations of the members of the company, the undertaking was divided into twelve shares[2].

Milled-lead was soon made, and the company was able to show favourable estimates of the saving that could be effected by its adoption. It was calculated that, taking the time the sheathing was likely to last, and allowing for the value of the lead when it was removed, there would be an economy of 150 per cent. as compared with wood[3]. These figures, together with specimens of the sheets, were submitted to Charles II., and by his directions the *Phœnix* was equipped with the new sheathing. According to the account of the company, after three years' trial, the timbers underneath the lead were examined with such satisfactory results that the King ordered that the ships of the Navy "may for the time to come be sheathed in no other manner than that of lead[4]."

At this stage, when it appeared that a profitable business was opening before the company, there was obstruction from persons interested in the old method which was now in danger of being displaced, and it was not till 1675 that a contract between the Admiralty and the company was concluded[5]. Though the opposition to the company's invention had been temporarily suppressed, it was not ended. As the ships, which had been sheathed with lead under the contract of 1675, returned from service there were many complaints of the composition of the rolled-lead, which was said "to be of a cancarous and corroding

[1] *An Act for granting unto Sir Philip Howard and Francis Watson, Esq., the sole Use of a Manufacture, Art or Invention for the Benefit of Shipping*, in *Account of Several New Inventions*, p. 5.

[2] *The Humble Memorial of Sir Philip Howard and Company interested in the Manufacture and Invention of Milled-Lead* [? 1683], in *Account of Several New Inventions*, p. 58.

[3] *Ibid.*, p. 57.

[4] *Order from the Commissioners of the Admiralty December 20, 1673*, in *Account of Several New Inventions*, p. 7.

[5] *A Deduction of the whole Matter relating to the Lead-sheathing of his Majesty's Ships*, in *Account of Several New Inventions*, pp. 8, 9.

nature and venemous to iron," destroying the rudder-posts and other iron-work[1]. There was an enquiry, as a result of which the company undertook in 1678 to contract for the maintenance of rudder-irons in lead-sheathed ships at rates not in excess of those paid up to this time[2].

When the controversy was in this state, there arose "some difference between the partners themselves, which gave an interruption to their proceedings[3]." The dispute occasioned a considerable delay, and the company next shows signs of activity in 1686, when it proposed a new basis of contract which provided for the sheathing of ships of the Navy at a fixed sum per foot square, which rate it was claimed was half that for wood-sheathing[4]. This proposal was not accepted, as appears from the complaint made in 1690 that the use of milled-lead had been by then discontinued in the Navy[5]. The loss of Admiralty contracts discouraged the shareholders in the company. They had been at considerable expense. According to one account, the mill, they had erected, cost £2,000[6]. They were without prospects of an immediate return on their outlay and, about the time of the Revolution, they had the opportunity of disposing of their property to two brothers, Thomas and Charles Hale. The sale was carried through, and thus the milled-lead undertaking is an interesting example of a reversion from management by a company to that of a partnership.

The subsequent history of the undertaking may be briefly outlined. The Hales began by endeavouring to press the sale of rolled-lead for roofs of buildings as well as for cisterns, fountains, pipes and vessels for brewers[7]. They succeeded in regaining the confidence of the Admiralty, and about 1692 contracts for the sheathing of ships were again obtained[8]. Once more opposition manifested itself. When the plumbers found that the substitution of milled-lead for sheet-lead was affecting them, they became "the mortal foes of the Hales." Complaints were made to the Navy-Board, and this body asked for explanations from the Hales[9]. Further, on the determination of the monopoly in 1695,

[1] *Account of Several New Inventions*, pp. 17–23. [2] *Ibid.*, p. 24.

[3] *A Proposal of Mr Kent and Partners concerned in the Work of Mill'd-Lead*, in *Account of Several New Inventions*, p. 65. [4] *Ibid.*, p. 69.

[5] *An Advertisement to all who have Occasion to make use of Sheet-Lead* [by C. Hale, 1690], in *Account of Several New Inventions*, p. 99.

[6] State Papers, Domestic, Petition Entry Book, III. p. 269.

[7] *An Advertisement to all who have Occasion to make use of Sheet-Lead*, in *Account of Several New Inventions*, p. 99.

[8] State Papers, Domestic, Petition Entry Book, III. p. 269.

[9] *An Advertisement, shewing that all former objections against the Mill'd-Lead sheathing have been answered by the Navy-Board themselves*, Lond. 1696 [Brit. Mus. $\frac{816 . m . 7}{122}$].

another rolling-mill was erected, the proprietors of which entered on a vigorous campaign of cutting of prices. They tendered to the Navy for sheet-lead at 3*s*. per cwt. below the cost of production, with the avowed object of driving the Hales out of the trade, whereupon, according to the tale of the latter, quotations would be advanced. The Hales asked consideration from the Admiralty in view of the fact that up to December 31st, 1701, they had saved the Navy £10,000[1]. It would appear that the older firm had not given satisfaction, since about this time it had to adopt an apologetic attitude in reference to the sheathing of the *Rising Eagle*, and between 1700 and 1702 the energies of the proprietors were directed towards the popularizing of their lead for other purposes[2].

Besides the milled-lead invention there were several other schemes for new or improved manufactures in metals. In 1694 Houghton mentions *a Dipping Company* which was founded on a patent. The grant alluded to may have been that to John Stapleton on November 28th, 1691, for making white and yellow metal, whereby the expense of using gold and silver for gilding could be saved[3]. The shares of the company, which acquired this patent, were quoted at 17 in 1692, and are mentioned by Defoe in his list of those that had been stock-jobbed to a very great premium, and which afterwards became valueless, whereby many families were ruined[4].

In 1691, on August 31st, Stapleton and Gustavus Adolphus van Baudivin petitioned for a patent for a new method of mixing brass, which would enable guns to be produced more cheaply than ever before[5]. A warrant for a patent was granted on September 24th[6], and it seems that this is the patent, owned by a company, associated with the name of Stapleton, which however Houghton classes under the heading of "saltpetre companies[7]." Inasmuch as there is the same difficulty about a company in the same class promoted by Dockwra and since there is no grant to either Stapleton or Dockwra for making saltpetre, it may be inferred that these two companies were intended to

[1] State Papers, Domestic, Petition Entry Book, III. p. 269.

[2] *A Short Accompt of the first Motives and Reasons for the Mill'd-Lead Sheathing, its Excellency*, 1700 [Brit. Mus. T 100 (221)]; *A Second Advertisement, relating to Lead-Sheathing upon the Rising Eagle*, 1700 [Brit. Mus. $\frac{816.m.7}{127}$]; *An Advertisement to all that are concerned in the Use of Sheet Lead, demonstrating...that Cast-Lead for covering of Churches...is worse and...dearer than Mill'd-Lead*, 1702 [Brit. Mus. T 100* (223)].

[3] State Papers, Domestic, H. O. Warrant Book, VI. p. 229.

[4] *Essay upon Projects*, 1697, p. 13.

[5] State Papers, Domestic, Petition Entry Book, I. p. 183.

[6] *Ibid.*, H. O. Warrant Book, VI. p. 193.

[7] *Vide* Plate, vol. I.

produce ordnance, and the heading in Houghton's list was meant to have been "Saltpetre and Gun Companies." Dockwra's company was based on the invention of Thomas Puckle, to whom a warrant for a patent was granted on March 17th, 1693, for the casting of great guns in moulds of metal[1]. By August 11th, 1693, Puckle, Dockwra and Richard Povey stated that, after great expense, the invention had been brought "to perfection," but that the undertaking was too considerable to be carried on without a very great stock, and they therefore petitioned, on August 11th, 1693, for incorporation as *the Governor and Company for the casting and making of Guns and Ordnance in Moulds of Metal*[2]. Either this or a later invention of Puckle's was one of the schemes of the year 1720, when the £4 shares were quoted at £8[3].

Thomas Neale did not confine himself to wreck-recovery projects[4], but also secured patents for several improvements in the working of metals. In 1692 he and John Tyzack obtained the usual privileges for the making of steel which was to be equal in quality to the best Venetian steel[5], and on June 6th of the following year he petitioned, again in conjunction with Tyzack, for a patent for making screens with iron-wire[6]. Like most of Neale's projects, the invention for steel-making was transferred to a company, but, probably like the rest of those promoted by him, it was a failure. In fact Neale is in all likelihood the dishonest promoter, whose schemes are strongly condemned by Defoe and the writer of *Angliæ Tutamen.*

There was another company, engaged in work connected with the steel trade—the Sword Blade company—but as the making of swords was only an incident in its history, the charter having been used to cover three distinct businesses at different times, the account of this enterprize may be dealt with more conveniently with others of a like nature[7].

[1] State Papers, Domestic, H. O. Warrant Book, VI. p. 520.

[2] *Ibid.*, Petition Entry Book, III. p. 5.

[3] Anderson, *Annals of Commerce*, III. p. 341.

[4] *Vide supra*, II. p. 488.

[5] State Papers, Domestic, Signet Office, XII. p. 501.

[6] *Ibid.*, Petition Entry Book, II. p. 337.

[7] *Vide infra*, Division XII., Section 3.

SECTION VII. GLASS-MAKING COMPANIES.

THE COMPANY OF GLASS-MAKERS OF LONDON (1691). THE GLASS-BOTTLE COMPANY (1694).

ABOUT the time of the Revolution the manufacturers of glass complained that their trade had declined. This was alleged to be due to dissensions amongst the owners of glass-houses and "to want of good government" in the industry[1]. Accordingly, on October 7th, 1691, a warrant was signed for the incorporation of a number of the glass-makers about London and Southwark, as *the Master, Wardens, Assistants and Company of the Glass-Makers in and about the Cities of London and Westminster.* This body, from its constitution, was clearly intended to be a regulated company, though it is interesting to notice that powers were given to raise a stock[2]. About the same time there was another organization of a similar character known as *the Company of Glass and Earthenware Sellers*[3].

The prohibition of trade with France gave a temporary stimulus to the production of the finer grades of glass. Several patents were sought to protect processes that were expected to make such kinds as had been previously imported; and, when John Houghton began to print his list of stocks and shares in 1692, he includes the price of the securities of a glass company. This enterprize was promoted by persons already interested in the glass trade, and amongst them was Robert Hookes, who, with C. Dodsworth, had obtained a patent for making improved window glass, red glass and plate glass in 1691[4]. Whether this patent was transferred to the joint-stock undertaking or not, in a petition from the company dated February 2nd, 1693, its objects are described in precisely similar terms; and it was claimed that sheets, both for windows and mirrors, had been made better, finer and

[1] State Papers, Domestic, Petition Entry Book, I. p. 200.

[2] *Ibid.*, H. O. Warrant Book, VI. pp. 197–9.

[3] *Reasons humbly offered by the Company of Glass and Earthenware Sellers, in Answer to the Pot-Makers printed Reasons for their Bill, now depending in this Honourable House,* ? 1698 $\left[\text{Brit. Mus. } \frac{816.\text{m}.12}{120}\right]$.

[4] State Papers, Domestic, Petition Entry Book, II. p. 255; H. O. Warrant Book, VI. p. 60.

more lustrous than ever before or than could be accomplished in any other part of Europe. The proprietors now numbered 120 and had raised a capital of £25,000. They asked to be incorporated as *the Company of Glass-Makers of London*, but, as far as can be gathered, without success[1].

In 1692 and 1693 there was a somewhat active market in the shares. They are first quoted on March 30th at 28. A fortnight later the price was 43; and, after a temporary relapse, this figure was again reached on May 26th. During the remainder of the year the quotation gave way, and on January 18th, 1693, they are recorded as being 34, whence they fell, almost without a recovery, till April 11th, 1694, when the price was 11. This is the last occasion on which they appear in the list.

Very soon after the disappearance of the record of fluctuations in the shares of the company of Glass-makers, those in the Glass-bottle undertaking begin to be quoted. This enterprize was an attempt to provide a satisfactory substitute for the "stone" or earthenware bottles in common use. Its objects may be gathered from the specification of a patent obtained by Philip Dallows, one of the masters of the green glass-works in 1689, and which may have been the concession this company was formed to develope. The invention of Dallows, in addition to providing a method for making "grenado shells" of glass, aimed at making bottles "sealed quarts or pints or any other exact size[2]."

Though the shares of the company of Glass-makers had been excluded from Houghton's list in April 1694, he had a good opinion of its prospects. Writing in July of the same year, he states that the Glass and Glass-bottle companies "had stock enough greatly to increase trade; by them," he continues, "our windows and looking glasses much out-do what was done before by ourselves or neighbours[3]." The author of *Angliæ Tutamen*, on the other hand, instances the Glass-bottle undertaking as one which was in danger "of coming to nothing through falling into stock-jobbing[4]." Certainly, the decline of the shares from 24 on August 15th, 1694, to 15 a week later might be taken to point to some such conclusion, but it may have been that there were already rumours of the adverse legislation which became a reality in the following year. It was of a very burdensome character, imposing a war-tax of 1*s*. per dozen on all bottles containing a quart, other than those of flint glass. Pints paid half the duty, and smaller sizes in proportion. Window glass was rated at 10 per cent. *ad valorem*, flint glass and plate

[1] State Papers, Domestic, Petition Entry Book, I. p. 422.

[2] *Ibid.*, Petition Entry Book, I. p. 57; H. O. Warrant Book, XVI. p. 160.

[3] *Collections*, No. 103.

[4] p. 21.

glass at 90 per cent., and all other kinds at 15 per cent. These taxes were levied on the quantities made, not on what was sold[1].

The effect of this act was immediate and distressing. The glass-makers, who produced the inferior kinds of glass, suffered most. Shares in the Glass-bottle company fell from 15 to 7, while the manufacturers stated that, in six months, since the tax had been levied, some had been able to keep their works going eight weeks, others four weeks, some not above two weeks[2]. Houghton's reference to the companies, engaged in the glass trade at this time, shows that their fortunes had changed for the worse. "Whatever may be said," he writes, "against stock-jobbing yet it has been the means to raise great sums of money to improve this art, and seldom is so much money laid out in the kingdom to encourage any trade but the public is the better—whatever the gain or loss to the projectors may prove, *caveat emptor*[3]."

It was the contention of the manufacturers that the tax could not be shifted to the consumer. Since similar duties were imposed on imports, it would appear that the tax should not have been so burdensome as was alleged by the glass-makers. The evidence of the workers shows that there was a lack of employment, the great majority having to subsist on poor-relief. Two causes may be assigned for the stagnation in the industry. The duty was assessed on the goods made. In this industry, where breakages were many, the tax for this cause, in some cases, came to 100 per cent. Under such circumstances, where the demand was elastic, it would follow that the consumption would be very greatly reduced and that the manufacturer would have to bear the greater part of the burden. There was, however, another reason contributing to the difficulties of the trade. Some of the makers, finding they could not sell their glass, "paid" it to their hands in satisfaction of the wages due[4]. This was a short-sighted policy. The workmen could not hold the stock they had been forced to acquire, and they hawked it through the country, with the inevitable result of spoiling the market. Thus it was said with some reason "that the glass-makers were themselves chiefly the occasion of the stop of the trade[5]."

[1] *Statutes,* VI. pp. 600, 601.

[2] *Journals of the House of Commons,* XI. p. 539. The act came into force on Sept. 29, 1695, the petition was received on March 30, 1696.

[3] *Collections,* No. 181, Jan. 17, 1696.

[4] *Journals of the House of Commons,* XII. pp. 281, 282.

[5] *The Allegations of the Glass-Makers Examined and Answer'd* [Brit. Mus. $\frac{816.m.12}{135}$]. In this account the total number of workmen in all the glass-houses in England is given as 800. This seems to be an under-estimate.

After some experience of the impost it was found that the produce of the tax was much less than had been expected, indeed the nett amount paid into the Exchequer up to August 1698 amounted only to £13,500[1]. More than this was due, but the manufacturers had been unable to pay the money, and the Commissioners had been forced to accept their bonds[2]. Moreover, through many of the glass-works being closed or working only a few weeks in the year, the consumption of coal was lessened, and the Revenue lost the proportionate proceeds of the tax on this commodity. For these reasons in 1698 half the duty on glass was abated and the whole of that on stoneware, while in the following year the remainder of the tax was remitted[3].

It was the makers of the cheaper kinds of glass who suffered most. Whether the Glass-bottle company was able to survive till the duty was repealed is doubtful. Its shares were last quoted, by Houghton, in 1696, but their removal from the list is not decisive evidence that the undertaking was wound up, since, at the end of that year, he greatly compressed the space devoted to stocks, only retaining the names of those ventures in the securities of which there was a wide and active market. If, as seems possible, Dallows was one of the promoters and prominent members of the company, it is significant that he appeared at the inquiry as to the effects of the duty and that, while admitting that the trade in bottles was reduced owing to the war, he expressed himself fairly well satisfied with the position of the industry[4].

The company of Glass-makers undoubtedly continued to exist until after the removal of the tax. In February 1700 it was carrying on business at the Old Glass-House in Foxhall, known as the Duke of Buckingham's House, where it had several large mirrors for sale. It is noteworthy that divisions in kind were made to the members, since it was advertized that "several of the glass proprietors had not taken their dividends of glass," which they were requested to remove at an early date as the company's lease of the warehouse it was then occupying had expired[5]. If the theory that this undertaking was based on a patent, obtained about 1691, be well founded, it is not improbable that the company survived until the term of that grant had expired in 1705.

[1] *Journals of the House of Commons,* XII. p. 628.

[2] *Ibid.,* XII. p. 282.

[3] 9 and 10 Will. III., c. 45; 10 and 11 Will. III., c. 18.

[4] *Journals of the House of Commons,* XII. p. 282.

[5] *Postman,* Feb. 13, 1700.

Summary of Capital and Prices of the Shares.

Capital. The Company of Glass-makers.

(1693) £25,000.

Prices of Shares.

	The Company of Glass-makers.			*The Glass-bottle Company.*		
Year	Date of highest price	Prices	Date of lowest price	Date of highest price	Prices	Date of lowest price
1692	April 8, May 26	43—28	Mar. 30			
1693	Jan. 18	34—15	Nov. 15 to Dec.			
1694	Jan. 10	15—11	April 11	Aug. 15	24—15	Aug. 22 to Dec.
1695				Jan. to March 1	15—7	March 8 to Dec.
1696					7—7	

SECTION VIII. VEGETABLE OIL COMPANIES.

The Annuitants and Sharers in the Beech Oil Company; The Governor and Company for Making and Vending Beech Oil (1714).

One of the directions in which invention showed itself after the Revolution was in mechanisms for the extraction of vegetable oils. Thus in 1696 George Capstack presented a petition for a patent "for his engine or mill, with iron and wooden rollers, for making oil from all manner of seeds, in less time and greater quantity, with more advantage and less labour than any now in use[1]." In 1708 a somewhat similar claim was advanced by Robert Pease of Hull, who undertook to extract oil from native materials chiefly[2]. Then on June 6th, 1713, Aaron Hill declared that he could obtain "a sweet, pure and wholesome oil from a certain vegetable of Great Britain[3]." The "certain vegetable" of this petition was the seed of the beech-tree, whence Hill's project was generally described as "the beech-oil invention." A patent was granted to Hill on the 13th of October following, and he adopted an ingenious method of raising capital to develope his scheme. On January 5th, 1714, books were opened at the Oil-Annuity Office, against the upper end of Montague Street in Great Russell Street, to receive subscriptions from those who were prepared to support the venture. Persons, who paid in £20,000 at the Oil Office, were to receive annuities of no less than 50 per cent. for the ensuing 14 years[4]. On the 21st of the same month the whole amount had been taken up[5], but it was not long before some of the annuitants began to repent of their bargain, since they did not see any preparations being made to earn an income, from which the sums promised to them could be paid. Whereupon Hill offered to return the money subscribed by those who

[1] State Papers, Domestic, Petition Entry Book, III. p. 155.

[2] *Ibid.*, VII. p. 379. [3] *Ibid.*, XIII. p. 119.

[4] *An Impartial Account of the Nature, Benefit, and Design of a New Discovery and Undertaking to make a pure, sweet and wholesome oil from the fruit of the Beech Tree*, by Aaron Hill, 1714 [Brit. Mus. 1029. d. 26].

[5] *The Insurance Cyclopædia*, by Cornelius Walford, London, 1871, I. p. 110.

were dissatisfied, and annuitants who had paid in £5,000 withdrew, leaving £15,000 as the total at this date[1].

According to Hill's account, it was impossible to start the undertaking until the next autumn. In order to provide the first half-yearly payment to the annuitants, a new development was announced on March 1st, 1714. This took the form of establishing a company to which the patent was to be assigned. The capital was divided into 5,000 shares which were to be issued at five guineas each, this sum was payable to Hill as the vendor. Each share was charged with a liability of 30*s.* annually to make good the sum reserved to the annuitants, while working capital was to be obtained by calling up £40 per share. The purchasers of these had the right of choosing twenty-four directors, and the annuitants, as a separate body, elected seven. The liability on the shares guaranteed the annuity[2]. Without waiting to make calls on the shareholders, yet another scheme was launched in May of the same year, the object of which was to provide £100,000 to lay up a stock of beech-mast. This sum was to be borrowed, and the lenders were promised a security of ten times the value of their loan, which they could retain in their own hands, and interest at 45 per cent.[3]

If all these various financial schemes had succeeded, Hill would have raised, besides the 25,000 guineas payable to himself, no less than £315,000 for the service of the company. He soon found that he was unable to convince investors of the solidity of the promised security. The loan was a failure; and, so far from making calls on the shares, it was found difficult to collect the sum of £5. 5*s.* which was payable on allotment, much of which was due by the directors themselves. No profit had been made in the season 1714–15, and in the autumn of 1715 the company "was at extravagant weekly charges in the parks and forests, where their supervisors had employed vast numbers of workmen in gathering mast (made doubly tedious and expensive by the wetness of the season)," and it was found impossible to pay the annuitants from the funds in hand, while the shareholders endeavoured to evade the liability they had undertaken[4].

Hill had now another expedient to propound. On September 12th, 1715, he, together with twenty-one others interested, applied for a charter incorporating *the Governor and Company for making and vending*

[1] *An Impartial State of the Case between the Patentee, Annuitants and Sharers in the Beech-Oil Company,* by Aaron Hill, London, 1714, p. 4.

[2] *I.e.* 5,000 shares paying 30*s.* each = £7,500, 50 per cent. on £15,000 = £7,500. *Proposals for a Beech Oil Company,* by A. Hill, quoted by Walford, *Insurance Cyclopædia,* I. p. 110.

[3] *Proposals for raising a stock of £100,000 for laying up great quantities of Beech-Mast for two years,* by A. Hill, 1714 [Brit. Mus. T 1856 (1)].

[4] *An Impartial State of the Case between the Patentee, Annuitants and Sharers,* p. 6.

Beech Oil[1]. He then proposed to the annuitants that they should commute their claims on the following conditions. Their principal should be "made good to them" by the company repaying to the allottees of 1,000 shares the sum of 1 guinea a share—the remaining calls being in arrear. Such shares thus became the possession of the company, and they were to be re-issued to the annuitants. Then the latter had received a sum of 25 per cent. at Ladyday 1715, and a like amount was payable with the shares. Finally Hill had lent the company £20,000, repayable at the expiration of the patent, of which there was £10,875 outstanding at the end of 1715, and he offered to hand over this reversion to the annuitants. In this way it was calculated that the principal would be repaid them, leaving them 1,000 shares as a compensation for the use of their capital by the company. The whole body, with the exception of some five or six, assented to the scheme, but the arrangement could not be completed, owing, according to Hill's statement, to the neglect of the directors to assent to the assigning of the reversion of his loan[2]. Hill's next scheme was that the annuitants should exchange their interest, under the arrangement of 1714, for shares in the company when it was incorporated, receiving, in addition to the 1,000 shares, already promised them, 3,000 more, making the whole capital £40,000 in 8,000 shares[3]. However the charter was not granted, and the affairs of the company were distracted by quarrels amongst the directors and by actions at law on the part of some of the annuitants.

Matters remained in this state until 1720 when an effort was made to revive the company. During this period of excitement, there were several other schemes for the extraction of oils from vegetables. In one case—that known as the sunflower patent—the money subscribed was returned on or after June 29th[4], while it was characteristic of the times that the partners concerned "in the oil-patent with land security" were invited to register their shares on August 2nd, and a week later they were informed that they might inspect the deed of co-partnership and the estimate of profits at Mr Long's shop[5]. In a calculation of this kind it is interesting to note that much more is said about the dates of payment of the calls of 21 guineas each on 1,600 "parts" or shares than of the manner in which profit was to be earned[6].

[1] State Papers, Domestic, Petition Entry Book, XII. pp. 461, 462.

[2] *An Impartial State of the Case between the Patentee, Annuitants and Sharers*, p. 8.

[3] *Ibid.*, p. 13.

[4] *Daily Courant*, June 29, 1720.

[5] *Ibid.*, July 2, 1720; *Daily Post*, July 7, 1720.

[6] *Estimate of the Profits from the Meliorating of Oils under a Patent of 7th May 1720* (Advocates' Library); Anderson, *Annals of Commerce*, III. p. 345, mentions three other oil companies—one working on rape, another on poppies and the third on radishes.

SECTION IX. COMPANIES ENGAGED IN MISCELLANEOUS MANUFACTURES.

The Tapestry-makers of England (1619 to 1703).
The Patentees for lacquering after the manner of Japan (1693).
The Company for making Imitation Russia Leather (1691).
The Company for making "German Balls" to preserve Leather from Damp (1693).
The Society for improving Native Manufactures so as to keep out the Wet (1691).

About 1619 the making of tapestry was introduced into England by Sir Francis Crane, and James I. signed a grant for the erection of buildings at Mortlake in Surrey[1]. In 1625 Charles I. granted Crane £2,000 a year for ten years, half of which was for the up-keep of the manufacture at Mortlake and the other half in payment for three suits of gold tapestries[2]. Towards the middle of the reign of Charles II. the making of tapestry ceased, and in a patent dated October 15th, 1679, the houses, looms and designs at Mortlake were granted to Lord Sunderland and Henry Brouncker at an annual rent of 5*s.*, subject to the condition that the grant was revokable if tapestry-making was not carried on. The work was started as soon as the patentees obtained possession, but the manufacture was in want of capital. In 1691 the Earl of Montague, who then owned the patent, was prepared to surrender the benefit of it to a company which had engaged to raise a considerable joint-stock, and some of those interested petitioned on August 21st to be incorporated as *the Tapestry-makers of England*[3]. On September 8th the attorney-general recommended the granting of incorporation and of such franchises as would best conduce to the success of the project, since tapestry-making

[1] Anderson, *Annals of Commerce,* II. p. 372.
[2] *Fœdera,* XVIII. p. 60; cf. Financial Statement J.
[3] State Papers, Domestic, Petition Entry Book, I. p. 177.

would consume considerable quantities of wool and give employment to poor people[1].

With the aid of an increased capital the business flourished. Like the Blue Paper company[2], the designers of the Tapestry-makers chose as their subjects "various Indian figures, history, landskips, &c.," and "the curious and pleasant hangings" were on sale at the Out-ropers' Office, in the Royal Exchange[3]. In April 1693 the company advertized that it would have 1,000 pieces for sale in the following month[4], and in August specimens of the work were on view at the signs of the White Horse and Black Boy in Newgate Street[5]. In the following year the company's office was removed to a more convenient warehouse "by the Pump in Bishopgate Street[6]." Houghton describes the tapestry made in 1694, as a "pretty adornment for gentlemen's second and third rooms and for ordinary folks' first rooms[7]." Some years later, when tapestry-making was established at London, the company no longer found it profitable to continue working at Mortlake, and accordingly the King was asked to allow the members to cease the trade there[8].

As showing the prevalence of the taste for the imitation of Oriental designs in ornament, an effort was made to establish an English lacquering industry. On March 29th, 1693, a patent was granted to Thomas Martyn, who was interested in the saltpetre company[9], for this process, and soon afterwards a company was formed[10] which was known as *the Patentees for lacquering after the manner of Japan.* Houghton considered that the work surpassed that of the East, and, although his judgment may err somewhat on the side of enthusiasm for a new industry, still old English lacquer-work is of very high quality[11]. In 1696, the company advertized that it had made and ready for sale "a considerable and most curious parcel of goods, viz. cabinets, secretores, tables, stands, looking-glasses, tea-tables and chimney-pieces," which were to be disposed of by a lottery the tickets for which were 10*s.* each[12].

On October 30th, 1691, a warrant for a patent was signed in favour of John Tyzack and a number of others, who had found out a new and secret invention "of tanning all sorts of skins for leather and also for

[1] State Papers, Domestic, Petition Entry Book, I. p. 186.

[2] *Vide supra*, p. 72. [3] Houghton, *Collections*, No. 50, July 14, 1693.

[4] *London Gazette*, No. 2862. [5] *Ibid.*, No. 2899. [6] *Ibid.*, No. 2991.

[7] *Collections*, No. 103.

[8] State Papers, Domestic, Petition Entry Book, V. pp. 100–2.

[9] *Vide supra*, II. p. 473.

[10] State Papers, Domestic, H. O. Warrant Book, VI. p. 533.

[11] *Collections*, No. 103.

[12] *Ibid.*, No. 181, Jan. 17, 1696. As to the craze for lotteries at this period, cf. *A History of English Lotteries*, by John Ashton, 1893, pp. 32–79.

converting some sorts of the said leather into imitation Russia leather, with the same grain, tincture and smell[1]"; and in the following year the same privileges were granted for Ireland[2]. In 1694, Houghton expressed himself in rather guarded terms as to the future of this process, writing that "it would be a great improvement, if brought to be like Turkey or Russia leather[3]."

Another industry connected with the leather-trade was the making of what were known as "German Balls"—a composition of wax and other ingredients to preserve leather from damp. On April 4th, 1693, George Sylvanus applied for a patent for this invention[4], and by July the commodity was placed on the market and a warehouse established at the lower end of the Old Bailey, near Ludgate. Each ball was sealed with a trade mark of a falcon and spear[5]. Like others of its contemporaries, this company suffered from imitations, and in November of the same year it advertized offering a reward for the detection of counterfeit German Balls[6].

As early as 1691, an attempt had been made to make cloth waterproof. On August 14th of that year, William Sutton and George Hagar presented a petition in which they stated that they had invented a "new and extraordinary art of ordering all sorts of stuffs, silks, hats and leather, so as to make them hold out water and also preventing them from damage by moths and mildew[7]," and a warrant for a patent was signed on August 29th[8]. The King and Queen were satisfied with the invention and gave orders to the company in 1694, while in the same year a warehouse was opened at the Savoy in the Strand[9].

[1] State Papers, Domestic, Petition Entry Book, I. pp. 207, 217.
[2] *Ibid.*, Signet Office, XII. p. 503.
[3] *Collections*, No. 103.
[4] State Papers, Domestic, Petition Entry Book, II. p. 313.
[5] *Collections*, No. 51, July 21, 1693.
[6] *Ibid.*, No. 67.
[7] State Papers, Domestic, Petition Entry Book, I. p. 174.
[8] *Ibid.*, H. O. Warrant Book, VI. p. 169.
[9] *London Gazette*, Nos. 2965, 2967.

DIVISION IX.

COMPANIES AND PARTNERSHIPS, CHIEFLY FOR MANUFACTURES, IN SCOTLAND.

SECTION I. THE INDUSTRIAL STATE OF SCOTLAND IN RELATION TO THE FORMATION OF COMPANIES.

During the earlier years of the reign of James VI. Scotland had suffered from internal dissensions, with the result that both domestic and foreign trade was subject to frequent interruptions. No doubt there were many wealthy merchants residing in Edinburgh and the ports of the east coast, who had acquired fortunes by the importation of commodities from France and Holland[1]. Almost all articles of luxury, as well as most of the comforts of life, were produced abroad, so that the chief imports consisted of wines and manufactures. Those exported were raw materials, such as coal, lead, wool, and linen yarn; the management of the shipping of these latter being in the hands of the organization known as the Scottish Staple[2]. By the time of James VI. it began to be felt that Scotland was very far behind other nations in its trade. To the economic ideas of the time it appeared a serious evil that raw materials were exported and manufactured goods imported. Still worse was it that, as was alleged, the Dutch found a gold-mine in their fishing off the coasts of Scotland. During the reigns of James and Charles I. two broad lines of commercial policy were pursued, but in a somewhat hesitating manner,—the encouragement of the home and Greenland fishings and the attempt to establish Scottish manufactures. In a memorial prepared for the King about 1620, by John Keymor, it was estimated that the foundation of a trade to foreign countries in the exporting of fish and manufactures would make the country richer by £3,000,000. He recommends, with much detail, the vigorous prosecution of the fishings both at home and in Greenland[3]. Ideas of this nature had already resulted in the formation of a

[1] "Edinburgh Merchants in the Olden Time," in *Edinburgh Papers*, by Robert Chambers, 1861, pp. 9–16.

[2] *The Scottish Staple at Vere*, by the late John Davidson and Alexander Gray, London, 1909, pp. 86–112.

[3] Policies of State Practised in Divers Kingdoms for the Encrease of Trade (Edinburgh University Library, Laing MSS., Division ii., No. 52), ff. 3, 22–4.

company to prosecute whale fishing and to trade to India in 1617[1]; but, owing to engagements made by James I. to the East India Company of England, it was necessary to recall the patent. An important fishing company was formed by Charles I., which was intended to have subordinate associations for each district[2]. The King reserved the right of allotting certain counties to persons chosen by himself, with the result that enterprizes requiring business skill were left in the hands of prominent courtiers, and it is scarcely necessary to add that the shareholders suffered. The same policy of grants of monopolies on personal grounds was extended to the field of manufactures. For instance, in 1619 privileges were granted to Nathaniel Uddart (son of a Nicol Uddart who had entertained the King) for a soap manufactory at Leith, and in 1634 a monopoly for the same commodity was conferred on "the King's daily servitor," Patrick Mauld[3], and in 1610 a patent had been granted to Sir John Hay for the manufacture of glass at Weems[4]. A still earlier monopoly had been received in 1590 by several Germans for the production of paper, but none of these industries were successful[5]. A much more serious attempt was made to establish the making of a finer cloth than that which had hitherto been produced. In fact the watchword of Scottish economic policy was to "rival the Dutch in fishing and the English in the woollen trade." With these ends in view seven Flemish weavers were induced to settle in Scotland in 1601, six of whom were intended to introduce continental methods of making serges and one those of broadcloth. The foreigners had expected to be allowed to live together but the jealousy of the chief towns prevented this, and it was proposed that one of them should be sent to each of the seven important burghs. The weavers were forced to appeal to the Privy Council; for, while the towns were fighting for the honour of their presence, the men themselves were in danger of starvation, being neither "entertained" nor set to work. The Council ordered that they should remain for the present in Edinburgh, and that in the meantime food and drink were to be given them, till they were set to work. Six weeks elapsed without any arrangements being made by the burghs for the employment of the weavers, and the Privy Council notified the magistrates concerned, that unless work was started by the month of November, the royal privilege would be withdrawn. Finally, in 1609, the foreigners were allowed to

[1] *Vide supra,* II. pp. 361–71. There is mention also of a Scottish Guinea company which existed in 1637, cf. II. p. 16.

[2] *Acts of the Parliaments of Scotland,* v. p. 222. *Vide supra,* II. pp. 362–5.

[3] *The Domestic Annals of Scotland,* by Robert Chambers, I. p. 510.

[4] *Ibid.,* I. p. 428.

[5] *Ibid.,* I. p. 195.

remain near Edinburgh, at Bonnington, and cloth was actually produced[1]. The weavers received special privileges from the Privy Council, but the work was interrupted by the magistrates of the Canongate, who endeavoured to force the strangers to become freemen, and thus, owing to the jealousy of the incorporated trades, the work was subject to frequent interruptions[2].

In spite of the many difficulties of the government during the first half of the seventeenth century, the ideal of a woollen trade that would rival England's was steadily kept in view. Thus in 1623 an attempt was made to encourage the woollen and fishing industries by the formation of local companies. Beyond a communication from the Convention of Royal Burghs thanking the King for his interest in the matter, there is no information as to the effects of this proposal on the cloth trade[3]. Again in 1633 the magistrates of Peebles, anticipating the policy of the trustees of the linen manufacture nearly a century later, resolved to have spinning regularly taught to the children of burgesses by a qualified mistress[4].

In 1641 an act was passed by the Scottish Parliament to encourage the production of fine cloth. The native wool was not of a sufficiently good quality for the making of broadcloth, and therefore Spanish and foreign fine wool, as well as other materials, such as dyes and oil, were to be imported free of custom. All cloth produced was also to be free of taxation; and, to encourage the introduction of skilled workmen, their employers were to have complete control over them—in the words of the statute—"it shall not be lawful for anyone to engage, reset, or entertain any of the servants of these works without the consent of their masters[5]." In 1645 it was further enacted that the masters and workers of manufactories should be exempt from military service and from having troops quartered on them[6]. On the faith of these acts, factories were started at Bonnington (where the Flemings had settled at the beginning of the century), also at Ayr, and Newmills, near Haddington[7]. All three works were favourably situated, for at that time the great wool-producing districts were the border shires, and the

[1] Chambers, *Domestic Annals of Scotland*, I. p. 351.

[2] *History of Civilization in Scotland*, by John MacIntosh, III. p. 306.

[3] *Records of the Convention of Royal Burghs*, 1615–76, p. 144.

[4] *Burgh Records of Peebles*, p. 272.

[5] *Acts of the Parliaments of Scotland*, V. p. 497.

[6] *Ibid.*, VI. p. 174.

[7] *A Representation of the Advantages that would arise to this Kingdom by the erecting and improving of Manufactories, but more especially that of woollen cloth, with an answer to the objections against this last, and an account of its present state and success of the Manufactory at Newmills for woollen cloath, serges, silk, and worsted stockings, and of the rules and methods observed by the undertakers in managing it, with Proposals to such as shall be willing to join in that work.* Edin. 1683, p. 16.

Bonnington and Newmills manufactories had the advantage of easy access to ports where the finer foreign wools might be imported. There is little information as to the success of the undertaking at Ayr. In 1670 it is recorded that cloth, made by "the manufactorie at Air" in 1668 and 1669, was distributed by lot[1] to the shareholders[2]. This undertaking may have been that founded before 1650, but it was probably a new partnership, established after the Restoration. It may be inferred that the one at Bonnington met with sufficient encouragement to establish the industry there, as is shown by frequent references to a cloth factory at that place from 1683 till the end of the century. The Newmills factory is reported to have met with considerable success, but it had the ill-fortune to suffer during the Civil Wars. It happened that there was a large quantity of cloth belonging to these manufacturers at Dundee which was lost when the town was taken by Monk in 1651[3].

The great difficulty of these three early undertakings was the necessity for importing skilled workmen, the hindrances to the disposing of the goods through the obstructions to free internal trade by the burghs, the manufacturers not being themselves retailers, and lastly the want of sufficient capital. The poverty of the country was a very serious impediment to any progress in manufactures, and, after the Restoration, attempts were made to remedy this disadvantage. The expenses of starting an industry, requiring machinery and skilled workmen, were considerable. Not only had the latter to be tempted from their homes by large payments, but there were many obstacles placed in the way of those who wished to obtain manufacturing appliances in England or abroad; and in addition the cost was magnified by the necessity of such payments being made in a depreciated currency, and at an adverse rate of foreign exchange[4]. After the Restoration a resolute attempt was made to obviate these hindrances to the establishment of industries by two acts passed in 1661, which embodied ingenious devices for the attracting of foreign capital by re-enacting the privileges granted by the act of 1641, and in addition offering naturalization to foreigners. The period of exemption from public and local taxes was limited to nineteen years; and in the special case of linen and woollen works the undertakers were authorized to have a seal for stamping linens or cloth of a

[1] For the system of division of cloth by lot, *vide infra*, p. 141.

[2] Letter and account, signed James Marr, "clerk of the manufactorie at Air" in *The Scottish Antiquary*, I. pp. 22, 23.

[3] *Representation of the Advantages...of Erecting Manufactories, ut supra*, p. 16.

[4] *The Records of a Scottish Cloth Manufactory at New Mills, Haddingtonshire*, 1681–1703, edited from the original manuscripts by W. R. Scott, Edinburgh (Scottish History Society, 1905), pp. xxiv–xxx.

certain standard. To prevent the recurrence of friction between the foreigners and natives, and also as a further encouragement towards the introduction of capital, it was enacted that, inasmuch as manufactures previously established had for want of sufficient stocks, counsel and assistance been crushed by those in more wealthy countries, in any case where such enterprizes were beyond the means of individuals joint-stock companies might be formed, with full powers to incorporate themselves; and the making of cloth, linen and stockings is indicated as a suitable field for such associations. It was further provided that no one except members of such companies should be allowed to export the goods made by that company. Rules were also framed for the internal organization of the companies. The minimum subscription was five hundred merks Scots, and the qualification for a directorship was one thousand merks Scots[1]. .

This legislation failed to effect the object for which it was designed, because, though considerable privileges were granted to the proposed industries, it was thought that they would not be in a position to compete on favourable terms with manufactured goods, imported from abroad where such trades had long been established. In fact most of the "infant industries," started immediately after the Restoration, were afforded protection by means of patents or acts of the Privy Council prohibiting importation of the commodities they were intended to produce. A period of twenty years elapsed before measures were taken for a complete protection of the home products. This movement received its final shape during the visit of the Duke of York to Scotland in 1681. On March 1st and again on April 11th of that year the Privy Council prohibited the importation and wearing of certain foreign manufactured goods. These acts were followed by a proclamation to the same effect[2]. This policy was ratified by an act of Parliament, passed on September 13th, entitled an "act for encouraging trade and manufactures." The heading of this statute has caused the general trend of its provisions to be misinterpreted, for it is not only designed to encourage native industry but also to be a sumptuary law. These two lines of thought are clearly expressed in the preamble, which states that "the money of this kingdom has been exhausted and the foreign exchange raised by the importation of foreign commodities *which are superfluous or may be made within the kingdom by encouragement given to the manufactures thereof*." With reference to "superfluities," the importation of a number of articles of luxury, such as gold and silver thread (as well as things made of such thread), flowered ribbons, silk-embroidered

[1] *Acts of the Parliaments of Scotland*, VII. pp. 255, 261.

[2] Acts of the Privy Council (General Register House, Edinburgh); *Acts of the Parliaments of Scotland*, VIII. p. 348.

cloths, were forbidden to be imported or worn. To encourage home manufactures similar prohibitions were enacted against the importation of a large number of commodities, such as linen, cambric, calico, East India linen and all stuffs made of linen or cotton wool, excepting arras carpets[1]. Persons possessed of either capital or technical knowledge were encouraged to settle in Scotland and found new industries or improve existing ones, not only by the prohibition of foreign manufactures but also by the grant of additional privileges. They were to receive naturalization on condition of setting up manufactures of cloth, linen, stockings, or soap, and teaching the trade to Scotsmen. All the raw materials imported for a manufacture, which received the benefit of this act, were to be admitted free of custom and all public dues for ever. Manufactured products exported were exempt from duties for nineteen years after a given industry was founded. The capital invested was declared not subject to public or local taxes. The works, recognized as a manufactory, were not liable for the quartering of soldiers, and servants employed escaped military service for seven years. Finally the act ratifies 1 Car. II., Nos. 43 and 46, in prohibiting the export of raw materials produced at home, such as lint or yarn[2].

Although the acts of 1661 and 1681 had given partnerships the right to incorporate themselves, to obtain the privileges offered it was necessary for persons, who had started or who intended to start a new industry, to apply to Parliament or the Privy Council. Between 1661 and 1681 applications were made by a company for making wool-cards at Leith, founded in 1663[3], a glass manufactory also at Leith (1664)[4], and the Royal Fishery company (1670)[5]. These three enterprizes were granted monopolies. Then there were two sugar works at Glasgow (1667, 1669)[6], which, though they had no monopoly, were protected against foreign competition; and in 1667 a company for whale-fishing and soap-making was formed, which was encouraged by a special act imposing duties on foreign soap, which almost amount to prohibition[7].

On the passing of the act of 1681, which granted protection to any company or individual that could establish its claim before Parliament, and more especially after the Revolution, the privileges of this act were sought and obtained for very many different industries. Grants to cloth works and glass works were comparatively frequent. An important linen company, known as "the Scots Linen Manu-

[1] *Acts of the Parliaments of Scotland,* VIII. p. 348.
[2] *Ibid.,* VIII. p. 349.
[3] *Vide infra,* Section 5.
[4] *Ibid.,* Section 8.
[5] *Vide supra,* II. pp. 376, 377.
[6] *Vide infra,* Section 3.
[7] *Ibid.,* Section 2.

facture" was incorporated in 1693[1], a silk manufactory in 1697[2], and manufactures of baizes, stockings, sail-cloth, ropes, cordage from 1690 to 1700[3]. Two new partnerships for sugar refining were formed at Glasgow in 1696 and 1700[4]. A company for making white paper was established in 1694[5]. In the department of iron, steel-work and mining there was a number of ventures. A "Company for working mines and minerals in Scotland" was formed in 1694; another for a draining engine in 1693; a foundry had been established in Edinburgh in 1686. There were two hardware companies (for making knives, scythes, etc.) at Glasgow in 1699, 1700, and a co-partnery for smelting minerals (1701)[6]. Of a more miscellaneous character were two gunpowder works (1690 and 1695), a leather stamping company (1695), a company at Leith for works in horn and ivory (1695), another to carry on saw-mills at Leith (1695), and a pottery company (1703)[7].

[1] *Vide infra,* Section 4 C.
[2] *Ibid.,* Section 4 D.
[3] *Ibid.,* Section 4 E.
[4] *Ibid.,* Section 3.
[5] *Ibid.,* Section 6.
[6] *Ibid.,* Section 7.
[7] *Ibid.,* Section 8

SECTION II. THE GREENLAND FISHING AND SOAP WORKS COMPANY, OR THE GLASGOW SOAPERIE (1667–1785).

THE manufacture of soap from an early period had been a favourite industry for the establishment of monopolies. In the time of James I. and Charles I. the production of this commodity was involved in a net-work of exclusive grants. The searches, fines, and imprisonments carried out at the instigation of the Society of Soapers of Westminster created no little indignation in England[1]. Scotland did not escape the effects of the same policy. In 1619 a patent was granted to Nathaniel Uddart for the manufacture of soap. Having erected "a goodly work" at Leith, he petitioned the Privy Council on June 21st, 1621, that all foreign soap should be prohibited. In reply the Privy Council ordained that the importation of soap should be forbidden, provided that Uddart should sell that made by him at a price not exceeding 24*s.* per barrel for green soap and 32*s.* per barrel of white soap, the barrel to contain 16 stones. By July 1623, several complaints had been made to the Council, and it was decreed that the privileges granted in 1621 should terminate in a year from the date of the order[2]. Probably this patent, if not recalled, was allowed to lapse, for in 1634 a new grant was made to the "King's daily servitor," Patrick Mauld of Panmure. Inasmuch as Mauld was prepared to provide all the requisites for soap-boiling, and since the trade was of such a nature that the public would suffer if "it were left indifferently to all," the monopoly of making all kinds of soap was granted to Mauld and his representatives for thirty-one years. In addition, the patent licensed the grantee to fish in the Greenland and home seas to obtain the oil then required for the production of soap. He had also the sole right of making potash by utilizing such wood as was most fit for the purpose, likewise all sorts of ferns and vegetable things whatsoever. As in other grants by the Stuarts, Mauld

[1] *A Short and True Relation Concerning the Soap Business,* London, 1641; *vide supra,* Part I., Chapter XI.

[2] Chambers, *Domestic Annals of Scotland,* I. p. 510. *Leith and its Antiquities,* by James Campbell Irons, II. pp. 141, 142.

was to make a payment in return for the monopoly, which was fixed at £20 sterling a year[1]. This patent would have continued till 1665, but in 1661 a monopoly for twelve years was granted for the manufacture of "castle soap[2]."

After the Restoration the attention of the legislature was directed towards soap, and in 1661 a tax of £6 Scots was imposed on each barrel imported; at the same time, all materials required by the home producer (such as oil, potash) were admitted free of duty, while soap made within the country was exempted from taxes for nineteen years[3]. As in the case of sugar, when soap was exported two ounces of bullion were to be brought to the Mint for every six barrels shipped[4]. By a subsequent act of 1669 the same condition was applied to importation[5].

Under the encouragement of these acts, which amounted almost to the exclusion of foreign soap, an influential company was formed in 1667, with its headquarters at Glasgow, for whale-fishing and soap-boiling. There were originally nine partners, who subscribed £1,300 sterling each, making the capital of the undertaking £11,700 sterling. At first the chief efforts of the company were directed towards whale fishing and foreign trade to Greenland and the extreme north of America and Russia. A large ship (for that time) of 700 tons burden, and carrying forty guns, was built at Belfast and named the *Lyon*. Soon afterwards three or four other ships were despatched. The company was successful in catching whales, and the blubber was boiled down at Greenock in extensive premises known as the "Royal Close." This was only the first stage in the process of soap-making, for the main works, known as "the Soaperie," were situated in Glasgow at the head of the Candleriggs. These premises were built on the site now occupied by Nos. 108–120 Candleriggs and Nos. 12–16 Canon Street, and consisted of a large square surrounded by houses for the managers, stores, sheds, and cellars[6].

This company, like so many of its predecessors, soon found that whale-fishing was a disappointing speculation[7], and the voyages became gradually less frequent. After some of the ships had been lost, this part of the operations of the company was abandoned, and in 1695 the Committee of Trade was prepared to grant privileges for seven or ten voyages to any who would adventure[8]. The Glasgow company, though

[1] Chambers, *Domestic Annals of Scotland*, II. pp. 80, 81.

[2] *Acts of the Parliaments of Scotland*, VII. p. 47.

[3] *Ibid.*, VII. pp. 88, 89, 203.

[4] *Ibid.*, VII. p. 253.

[5] *Ibid.*, VII. p. 560.

[6] *Glasghu Facies: A View of the City of Glasgow*, edited by J. F. S. Gordon, Glasgow, pp. 873, 874.

[7] Cf. *supra*, II. pp. 69–75.

[8] State Papers, Scotland (at the Register House, Edinburgh), Parliamentary Papers *circa* 1695—List of Acts to be desired.

it had obtained in 1685 an act granting it the privileges of a manufacture, and also a recommendation to the tacksmen of the Customs that there should be no abatement of the duties on whalebone and soap[1], does not appear to have responded to this invitation. The renewal of this part of the enterprize fell to others. Sir John Shaw, of Greenock, obtained an act granting the privileges of a manufacture to a company he had formed "with a considerable stock," to carry on the fishing industry[2], and one of the many enterprizes undertaken by Robert Douglas, of Leith, was whale-fishing, in which he was "at vast expenses and great loss[3]." According to M'Ure all the capital invested by the Glasgow Greenland fishing and soap company in the former industry was lost[4].

The Soaperie, freed from the incubus of unfortunate whaling voyages, was successful. Whether it remained in the hands of the original company or was sold to a new one does not appear[5]. In 1700 the manufacture of soap was mentioned as one of the Scottish industries which was firmly established[6]. In 1715 the manager advertized in *the Glasgow Courant* that he was prepared to sell good black or speckled soaps at the Soaperie at reasonable rates. The company appears to have been conducted in a quiet, unenterprizing manner till the beginning of the last quarter of the eighteenth century. "Senex," who visited the works not long before the concern was wound up, wrote that "there appeared to be only about half a dozen men employed, and these were *clamping* about the floor in a very inactive manner, having heavy iron shoes on their feet. It was easy to see that they were working at days' wages[7]." In 1777 the buildings were partly consumed by a fire[8], and in 1785 the whole ground buildings and utensils were advertised to be sold by public roup[9].

[1] *Acts of the Parliaments of Scotland,* VIII. p. 490.

[2] *Ibid.,* X. p. 80.

[3] Parliamentary Papers, 1703—The Petition of Robert Douglas, elder and younger, Soap Boilers in Leith.

[4] In *Glasghu Facies,* p. 872.

[5] From M'Ure's language it may be inferred that, on the failure of the whaling venture, the soap manufactory was sold—"all their projects were frustrated," he writes, "and that considerable stock entirely lost and nothing remained save the buildings wherein soap is boiled and now pertains to other people."

[6] MS. Discourses anent the improvements may be made in Scotland (Advocates' Library, Wodrow MSS., 33. 5. 16), f. 15.

[7] *Glasghu Facies,* p. 874.

[8] *Annals of Glasgow,* by James Cleland, Glasgow, 1816, II. p. 367.

[9] *Glasgow Mercury,* August 15, 1785, in *Glasghu Facies,* p. 874.

SECTION III. THE SUGAR-REFINING AND RUM-DISTILLING COMPANIES AT GLASGOW.

THE WESTER SUGAR WORK (1667).
THE EASTER SUGAR WORK (1669).
THE SOUTH SUGAR WORK (1696).
THE KING STREET SUGAR WORK (1700).

THE refining of sugar had been started at Glasgow during the Protectorate of Cromwell, or not long after the Restoration. At first the profits were very large, and, according to Gibson, it was in this industry that the first fortunes in business were acquired in the West of Scotland[1]. It was not long before the Government availed itself of the opportunity of raising revenue from the production of a new taxable commodity, for in 1661 an act was passed requiring that 2 ozs. of bullion should be brought to the mint for every 60 lbs. of sugar exported[2]. In 1669 this act was modified to the extent of imposing a duty of 6 ozs. of bullion to be brought to the mint for every cwt. of loaf sugar exported[3]. The design of this legislation was to secure that at least part of the proceeds of sales made abroad should be brought back in bullion, and that some of this would be handed over to the State to be used as coinage.

After the passing of the acts of 1661 a partnership was formed in the year 1667, consisting originally of four persons. "At first the proprietors got a little apartment for boiling sugar—a Dutchman being master-boiler—this undertaking proved very effectual and their endeavours wonderfully successful, so that they left their little apartment and built a great stone tenement with convenient office-houses for their work, within a great court, with a pleasant garden belonging thereto[4]." This building, known as the Wester Sugar House, stood at the corner of Candleriggs and Bell's Wynd[5].

[1] *The History of Glasgow*, by James Gibson, Glasgow, 1777, p. 246.
[2] *Acts of the Parliaments of Scotland*, VII. p. 254.
[3] *Ibid.*, VII. p. 560.
[4] *Glasghu Facies*, p. 871.
[5] *Old Glasgow*, by Andrew MacGeorge, Glasgow, 1880, p. 155.

About two years afterwards (*i.e.* in 1669) another partnership for sugar-refining was established by five partners. This was also successful, and, according to M'Ure, the joint-stock employed "wonderfully increased[1]." In 1684 the capital of one of these undertakings amounted to £10,000 sterling[2]. The buildings, afterwards erected for the refinery founded in 1669, were known as the Easter Sugar Work. An illustration of the building, which was remarkable for its great height (considering the date when it was built), is given in *Glasghu Facies*[3]. On the passing of the act of 1681 for the encouragement of trade and manufactures, the partners of both these works presented a joint petition to Parliament asking that the privileges offered by the act should be extended to their undertakings. They stated in support of their request that they were in a position to sell sugar at one-third of the price at which it had been imported, and on this and other grounds both Sugar Houses obtained the privilege of a manufacture for nineteen years from 1681[4].

Soon afterwards an event happened which threatened the success of the Wester undertaking, and which at the same time shows a peculiar risk to which these very small companies or partnerships were subject. Peter Gemmill, one of the four original partners, had died, leaving his share in the concern to his wife. She was unable to take part in the management "as partners should and do, because it requires great skill and pains." She also refused, according to the complaint presented to the Privy Council by the other partners, to contribute her share, or to reckon according to the contract signed by all the partners. As a result the works were absolutely at a stand, the stock of materials was wasting, and the servants idle—the latter meaning a loss of £16 sterling per month. The other partners prayed the Privy Council to settle the value of the widow's share, and they would buy her out. In the end, however, the magistrates of Glasgow were directed "to compose the dispute," and there is no further information as to whether the share in question was transferred, or whether the female partner became reconciled to the "great pains" of business[5]. If any conclusion can be drawn from the state of the business when M'Ure wrote his *View of Glasgow*, it would appear that though many of these West of Scotland partnerships at any given time were confined to a few persons, the interest was not long retained in one family, for in this particular case, in M'Ure's

[1] *A View of Glasgow, ut supra*, p. 282.

[2] Collection of Petitions to the Barons of the Exchequer (Edinburgh University Library)—Petition of the Masters of the Sugarie Works at Glasgow.

[3] p. 543.

[4] *Acts of the Parliaments of Scotland*, VIII. p. 360.

[5] Acts of the Privy Council of Scotland, 1862–5, ff. 187, 188.

time, there were six partners, and none of the six had the same name as any of the original four[1].

Probably one reason for the continued success of these sugar works was that the refining industry was supplemented by the production of rum. The rum was sold to great advantage in the colonies, and a considerable amount of it was consumed at home. This branch of the industry, however, met with some hindrances from various sources. Owing to the system of leasing the collection of taxes to private individuals, the tacksmen of the Customs did not obey the different acts of Parliament designed to encourage home industries. In fact, as a contemporary writer expressed it, "they do not regard the laws but their own profit, *per fas et nefas*[2]." In the sugar industry, for instance, though exemption from Customs had been granted by the act in favour of the Wester and Easter Works in 1681, a few years later the tacksmen at Edinburgh seized a quantity of rum consigned for export by the proprietors of these works. The case was debated before the Exchequer in April 1684, and the claim to exemption from duties was allowed[3]. The matter did not rest at this stage, for a counter petition was presented declaring that the trade in rum ought to be suppressed, as this drink was injurious to the health of the lieges[4]. Though this attack on the making of rum failed for the time, it eventually produced a temporary result, for in 1695 an act of Parliament was passed prohibiting both the making and sale of rum, except for export, on the grounds that it hindered the sale of strong waters made of malt, and also that "being a drug rather than a liqour," the consumption of it was prejudicial to health[5]. This act was repealed soon afterwards. As against this short-lived repressive legislation is to be counted the imposition of a duty[6] of £6 Scots per cwt. on imported sugar candy. The Royal Burghs too had an intention of supporting the industry, but if any steps were taken there is no record of their nature[7].

On the settlement of domestic affairs in Scotland after the Revolution, when a serious effort was being made to develope home manufactures, it was to be expected that one of the first enterprizes that would attract the capitalist would be that which was officially declared to have been "a most profitable one[8]." In 1695 Robert Douglas, of

[1] *Glasghu Facies*, p. 871.

[2] *A Letter to a Member of Parliament*, Edinburgh, 1700, p. 13.

[3] Collection of Petitions to the Barons of the Exchequer (Edinburgh University Library)—Petition of the Masters of the Sugarie Works at Glasgow.

[4] *Ibid.*,—Petition relating to the Sugarie Works, Glasgow.

[5] *Acts of the Parliaments of Scotland*, IX. p. 462.

[6] *Ibid.*, x. p. 34.

[7] *Records of the Convention of the Royal Burghs*, 1677–1711, p. 95.

[8] *Acts of the Parliaments of Scotland*, x. p. 66.

Leith, who was at the same time promoting works for the manufacture of soap, earthenware, china, and starch, was granted the "privilege of a manufacture" for the usual term of nineteen years, not only for the diverse undertakings already mentioned, but also for sugar works from which he was entitled to export rum to the amount of 18 tuns yearly[1]. In spite of this attempt to settle the industry at Leith, the seat of the trade remained at Glasgow. In 1696 an act was passed in favour of Robert and James Montgomery (who had at least one other partner associated with them), which stated that, owing to the success of the industry, the number of works should be increased. Accordingly the same privileges, already granted to the other undertakings, were conferred upon this one under the title of *the New Sugar Manufactory at Glasgow*[2]. Following the custom of the existing partnerships, this undertaking adopted a local designation, and its works became known as the South Sugar House. It was described by M'Ure as situated on the west side of Stockwell Street, and consisting of a large court, surrounded by high and low apartments, with cellars, a store house, boiling houses with distilling apartments, pleasant gardens, and all conveniences whatsoever[3].

There were now West, East, and South Sugar Houses, and it might be expected that the next to be founded would be the North Sugar House. As a matter of fact there were works under this title which were situated close to the Wester House, and appear ultimately to have been absorbed by the older undertaking[4]. The Northern concern, however, was founded later, and the fourth Sugar House, known as that at King Street, was granted the privilege of becoming a statutory undertaking in 1700[5]. The act is in favour of Matthew and David Campbell, but soon afterwards the partners were six in number. In fact, during the first half of the eighteenth century, these and other co-partneries consisted of from five to ten of "our high-class citizens, such as our Provost, Baillies, and Deans of Guild, with a 'Sir John' or a 'Sir George' scattered here and there among them[6]." It is related that there was much consternation in Glasgow when, in 1736, the six partners in the Easter Sugar Work, comprising the Provost, two Bailies, the Treasurer of the City, and a goldsmith were bought out by a new and unknown co-partnery, called "Robert M'Nair, Jean Holmes and Co." The title of the purchasing "Co." was in reality a somewhat ponderous joke. M'Nair was a "new man," who had acquired consider-

[1] *Acts of the Parliaments of Scotland*, IX. p. 491. [2] *Ibid.*, X. p. 66.

[3] *A View of the City of Glasgow*, p. 283.

[4] *Glasghu Facies*, p. 871.

[5] *Acts of the Parliaments of Scotland*, X. p. 212.

[6] *Glasghu Facies*, p. 440.

able wealth, and finding that all undertakings of magnitude were in the hands of co-partnerships, he, as a satire on the prevalent custom, registered his firm in his own name and that of his wife, thereby forming literally "a one man" company[1].

The Glasgow Sugar Houses constitute an exception to the general rule that few industrial companies founded in the seventeenth century survived the removal of protection after the Union. This fact is the more interesting, since the sugar trade had fewer privileges than the cloth, linen, or paper companies. It had been founded before the act of 1681, and there was never a complete prohibition of competitive products. Even the exemption from duties had ceased by 1715, for in that year the Crown sued the Leith refiners for £40,000 sterling of "bygone" duties. Eventually a compromise was effected by which the claim by the Crown was remitted on condition that the refiners should surrender their rights to exemption from duties under their private acts.

[1] *Glasghu Facies*, pp. 438–40.

SECTION IV. TEXTILE COMPANIES.

A. The Woollen Manufactory at Newmills in the shire of Haddington (1681–1713).

The acts of the Privy Council and of Parliament in 1681 for the encouragement of trade and manufactures were far from being speculative, for in that year there were several proposals for the development of Scottish industries. Prominent amongst these was one which aimed at the establishment of a large cloth-manufacturing company. This scheme, indeed, was probably one of the reasons of the legislation of 1681, for the Duke of York (afterwards James II.), who was then visiting Scotland, had approved of the idea. Finding that the country had few commodities to export to pay for imports of cloth, etc. from England, whereby "English money was not to be had under 6 or 7 per cent. [and was] scarce at any rate," while the exchange between Edinburgh and London had risen, as against Edinburgh, to between 12 per cent. and 15 per cent., he favoured a plan of establishing works for the production of fine cloth[1]. He "invited and encouraged" the undertakers, some of whom were Englishmen of substance, so that with the prestige of royal patronage there was no difficulty in finding an adequate amount of capital. The chief promoters of the company were Robert Blackwood, an Edinburgh merchant of repute who was afterwards master of the Merchant company, and Sir James Stanfield, a man at that time of considerable wealth[2]. The part taken by Stanfield in the formation of the undertaking in all probability decided the locality of the works. He had acquired a property near Haddington, then known as Newmills[3], which formerly belonged to the local monastery[4]. The situation was evidently a suitable one for the in-

[1] *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 3.

[2] *Ibid.*, p. 3; *Edinburgh Papers*, by Robert Chambers, 1861, p. 23. Robert Blackwood was a director of the Darien Company, to which he subscribed £3,000 stock. He was a member of the "Committee of Improvements" of that Company. —*Darien Papers*, pp. 31–4.

[3] The modern name is Amisfield, *vide infra*, p. 158.

[4] *Statistical Account of Scotland*, 1792, VI. p. 539.

dustry, being in a good wool-producing district, and within easy reach of Edinburgh. As already shown, it had been the site of a similar undertaking thirty years earlier[1]. Stanfield was prepared to lease to the company his walk mills "and all his office-houses, which are many, great and spacious" at what was then considered a moderate rent[2].

The very interesting document, which might be characterized as the prospectus of the company, is in existence[3]. It was calculated that a capital of £5,000 sterling or £60,000 Scots would suffice to purchase and maintain 20 looms employing 233 hands, besides providing working capital. A detailed estimate of the probable output was made, and it was considered that there could be produced annually 55,823 ells of cloth, realizing, on an average, £55,823 Scots. Thus the yearly turnover would have almost equalled the capital. The details for the cost of production throw much light on the current rates of wages, and the total expenses under this head, together with the provision of raw material, amounted to nearly £38,900 Scots. To this was to be added the payments necessary for foreign skilled workmen. The rent of the works was only payable after legal interest had been earned on the capital, so that it does not appear in the working expenses. Thus, in the form of a modern prospectus, the estimates might be summarized as follows:

The profit anticipated from the factory—

		Scots	Sterling
Receivable for cloth, 55,823 ells, averaging £1 Scots per ell ...		£55,823	£4,652
Less expenses—Wages	£18,144 Scots per ell		
Materials	£20,744 Scots per ell		
		£38,888	£3,241
Profit (subject to payments to foreign workmen)		£16,935	£1,411

This (not allowing for deductions) exceeded 25 per cent. on the capital.

A company such as this, with great privileges from the State, was objected to by many. Conservative people complained that it was a novelty, and that the cloth could never be so good as that made in England. Others were of opinion, even if the cloth were sufficiently good, it could never be sold as cheaply as that imported prior to the prohibition. While the works were being erected and the workmen procured, good cloth could not be obtained, and afterwards, even when the producing stage was reached, the company could not manu-

[1] *Vide supra*, p. 125.

[2] *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 18.

[3] *The Records of a Scottish Cloth Manufactory at New Mills, Haddingtonshire* 1681–1703, edited by W. R. Scott, Edinburgh (Scot. Hist. Soc.), 1905, pp. lxxxiv.–xci.

facture enough to supply the whole country. Thus the temptation to import cloth, in spite of the Proclamation and the act of Parliament, would be so great that it would be impossible for the company to gain the encouragement expected and intended by Parliament and the Privy Council[1]. On behalf of the company it was shown that ultimately it would be possible to produce as cheaply in Scotland as in England, owing to the fact that "nowhere else do workmen live so cheaply as in Scotland[2]." Where so large a part of the cost of production consisted of wages, this was a most important consideration, which was bound in time to affect the market-price. In fact, as the writer expresses it, "where cloth can be cheapest made, it can be cheapest sold"; but the question was *would it be* under a system of rigid protection? This is partly answered by the admission that it was not intended that the Newmills company should supply the whole country, and all information was offered to others who might intend to set up manufactories elsewhere[3]. To attain the desirable end of home-made broadcloth eventually selling as cheaply as that made abroad, and to prevent the exportation of bullion, it is urged that patriotic Scotsmen should be content with a cloth "a little dear at first," owing to the great cost of "importing looms and procuring foreign workmen, besides the many losses and inconveniences attending beginners," so that the consumer was to pay for the mistakes of the producer[4].

The promoters of the scheme were fully convinced of the personal and national advantages to be derived from the undertaking, and on May 10th, 1681, the document known as "the great contract" was signed[5]. The members of the company had no little pride in this document. "We have entered into a mutual contract," one of them writes, "whereby we have bound ourselves to such rules and methods that the undertaking cannot fail except in case of a public and universal calamity[6]." The "methods" mentioned are of great interest, not only as an early instance of joint-stock organization for a manufacturing

[1] *A Representation of the Advantages...of erecting Manufactories, ut supra*, pp. 8, 9.

[2] It appears from the minutes of the company that it was necessary to import all the skilled labour at higher wages than those ruling in England. Such workmen were bound to train Scottish apprentices, so that in time (but only after a considerable interval) the company might have obtained the benefit of a cheap labour supply. The rates of wages are tabulated in *Records of a Scottish Cloth Manufactory, ut supra*, p. xxiii.

[3] *A Representation of the Advantages...of erecting Manufactories, ut supra*, pp. 10, 22.

[4] *Ibid.*, p. 11.

[5] A copy of this document, which was entitled "Articles aggreed upon by the merchant erectors of the cloath Manufactorie at Newmilnes," is printed in the *Records of a Scottish Cloth Manufactory, ut supra*, p. xc.

[6] *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 19.

company, but also as showing in several directions interesting traces of the transition from the regulated to the joint-stock type of organization. Four general meetings were to be held in each year. At the meeting in May five persons were to be chosen as managers, and (after the first election) two of the former managers were to continue in office, and three new ones only were to be elected. The chairman at both managers' and general meetings was called the præses, and all orders for payments were signed by him. The managers were to meet at least once a week. There were certain self-denying ordinances relating to the holding of stock. During the first three years no payment whatever was to be made to stockholders by way of dividend, for the second three years proprietors were to receive the legal rate of interest on their capital and no more. The balance of profit remaining at the end of the sixth year (after payment of interest for the second three years) was to be added to the original capital[1]. Sir James Stanfield also met the company in a generous manner. The rent of the ground and buildings was not to constitute a charge against the gross profit, but was to be deferred until the legal interest had been earned and paid on the capital, and was to be charged against the remaining profit[2]. There was also a remarkable limitation of the rights of bequest to the representatives of a member of the company—his stock passed to female heirs without division, and if the beneficiary were a minor only *one* tutor or curator could have a voice at the meetings[3]. The regulations and obligations of the members, as to the disposing of the cloth produced, are important. The cloth was to be brought to the warehouse of the company at Edinburgh, which was situated "below the Trone Church[4]." The managers, having ascertained the cost of production, added *2d.* per 1*s.* per ell, or in other words allowed as manufacturer's profit 16 per cent. on the cost of production. The cloth so valued was apportioned in convenient quantities and distributed by lot amongst the proprietors, each of whom had the right to draw once for each £100 sterling of his stock. If a member who drew a quantity of cloth failed to remove it within fourteen days, it was sold by public roup. When there was a loss as compared with the prime cost, that loss was charged to the defaulter; if on the other hand the

[1] *A Representation of the Advantages...of erecting Manufactories, ut supra,* pp. 19, 20.

[2] *Ibid.*, p. 18.

[3] These and other similar regulations probably arose from the condition that cloth was only saleable to shareholders and members of the Merchant Company. The intention appears to have been to confine the trade to what were called in England legitimate merchants, *i.e.* those who had served an apprenticeship. At the same time it is to be noted that the company admitted persons of distinction as shareholders.

[4] *The Edinburgh Courant,* No. 184, August 16–19, 1706.

sale showed a profit, the gain was credited to the company[1]. The reasons for *pro rata* distributions of commodities to shareholders of early companies will be more apparent, especially in Scotland, when the great restrictions of trade even within the country are remembered. By such a device, the cloth manufactured was distributed in many directions where the company in its corporate capacity could find no opening[2]. In the case of the Newmills company, there was the further advantage that every proprietor as a retailer was vitally interested, altogether apart from his being a stockholder, in preventing or at least reporting cases in which foreign cloth was imported. It sometimes happened that the rule, confining the distribution of cloth to members, was relaxed in order to conciliate persons who might be useful to the company. On another occasion the cloth drawn for a member, who had failed to pay the calls on his stock, was, by resolution of the managers, assigned to another shareholder, Bailie Douglas, who had obtained none by lot, he having befriended the company by lending money for "supplieing their needfull occasions[3]." It is an interesting comment on the expressions of opinion as to the solidarity of the members of the company amongst themselves that less than a year after the signature of "the great contract" some of the stockholders were dissatisfied with the proceedings of the managers, and wished to have the plans of the board explained to them. It was pointed out that any member might be present at meetings of the managers, and that the books were always open to inspection. Besides it was suggested that the stockholders should appoint a committee from their own number to report on all proceedings of the managers since the formation of the company[4].

As already shown the contract of co-partnership was signed on May 10th, 1681, and from the 22nd of June the meetings of the managers were recorded in a minute-book, preserved in the University Library, Edinburgh. On the title-page there is the inscription, "Book for the Managers of the Manufactories Weekly Sederunts," and the records of proceedings extend till March 21st, 1691. The records have been carefully kept, and reference was facilitated by the ingenious device

[1] *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 20. This regulation was a modification of that originally intended. According to the "Memoriall" (*Records of a Scottish Cloth Manufactory*, pp. lxxxiv.–ix.), the master was to estimate the cost of production, and the managers were then to add to this sum the difference between it and the price at which they had been accustomed to purchase similar fabrics.

[2] As a rule the minutes do not mention the habitation of purchasers except in a few cases. Some of these include places such as Glasgow, Dundee, Linlithgow, Stirling, &c.

[3] *Records of a Scottish Cloth Manufactory*, § 270.

[4] *Ibid.*, §§ 128–36.

of numbering each order of the managers—a plan that would have advantages for the modern secretary.

The first steps, taken by the managers, consisted in the procuring of looms and other appliances and the still more difficult task of securing competent workmen. It was agreed that the men should be paid by piece-work[1]. Considerable difficulties were experienced in inducing hands to come from England, and it became necessary for some of the managers to go south to secure trained weavers[2], some being brought from Yorkshire, others from the west of England. By July 1681, a head of the works, called the "master of the manufactory" had been appointed, and in August the men had arrived at Newmills[3]. By October two looms were in operation though as yet only "coarse cloth" was made[4]. Mixed cloth (*i.e.* cloth made of native and foreign wool) was ordered to be tried early in January 1682, and before the end of the month preparations were in train for the eventual production of fine cloth[5], directions being given that only the best wool should be purchased. As progress was made it was found that more plant was required, and estimates were considered on September 20th, 1682. By February 19th, 1683, ground for extensions was needed[6]. Meanwhile great care was taken of the quality of the cloth. By order of the managers, dated September 27th, 1682, no sales of serges or stockings were to be made at Newmills, all the goods made being sent to Edinburgh[7]. In April 1683 the master was recommended "to take great care in improveing the spinning and dressing of the cloth that it be good and sufficient cloth, and that the rents and too near shearing of some cloth lately sent in be prevented in time coming[8]." All the cloth sent to Edinburgh was to be duly weighed and measured[9]. The number of looms at work had now increased from two in 1681 to a total of twenty-seven, of which twenty-five were used for cloth and two for serges[10]. This plant proved insufficient to meet the demand, and about the same time ten new looms were ordered, which would bring the production up to 12,000 ells a year, the output being as yet only one-quarter of that calculated in the "Memoriall." In addition, after considerable trouble, some stocking-frames had been brought from the

[1] *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 18.

[2] *Records of a Scottish Cloth Manufactory*, §§ 208, 237.

[3] *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 18.

[4] *Ibid.*, p. 12.

[5] *Records of a Scottish Cloth Manufactory*, §§ 107, 181.

[6] *Ibid.*, §§ 213, 289. [7] *Ibid.*, § 225.

[8] *Ibid.*, § 303. For the meaning of shearing, *vide* the description of the method of manufacturing, *ibid.*, pp. xix.–xxii. [9] *Ibid.*, § 255.

[10] *Ibid.*, § 307; *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 12.

west of England and were at work[1]. In 1684 the output had attained considerable volume, as the provision required for a single payment for materials was estimated to amount to £1,428. 9*s.* 4*d.* sterling[2], and the financial results appear to have been sufficiently satisfactory to justify the recommendation of the payment of legal interest on the stock immediately after the expiration of the first three years as provided in "the great contract[3]." As soon as the manufacture of fine cloth was established, a detailed estimate was framed of the prime cost of production, which gave the following results:

Quality of wool	Made into cloth measuring	Total cost £	*s.*	*d.*	Cost per ell *s.*	*d.*
All Spanish	At least 27 ells	19	7	3	14	4
Half Spanish, half English	,, ,,	17	9	0	13	0
All English	,, ,,	12	11	7	9	4
Common	,, ,,	8	14	0	6	6[4]

Meanwhile the company had been making efforts to secure the patronage of the Government for the provision of military uniforms, which were just beginning to come into vogue in Scotland, as an act of the Privy Council naïvely expresses it "*to distinguish sojers from other skulking and vagrant persons*[5]." On February 22nd, 1683, the company were licensed by the Privy Council to import 2536 ells of stone-grey cloth from England for clothing General Dalzell's regiment of dragoons, as he could not procure as much cloth of the colour he required in Scotland. On the 16th of March this order was modified to the extent that General Dalzell might appoint any person he pleased to import the cloth on condition that the price should not exceed 5*s.* per ell, and that it should be sealed with the seal of the Newmills company[6]. It is evident from a consideration of the cost-price of the Newmills cloth that, at this date, it was not merely a "little dear" but considerably higher in price than that made in England. Therefore cloth, imported at a maximum price of 5*s.* per ell, would mean an important saving in army clothing as the lowest cost-price in the foregoing table works out at nearly 6*s.* 6*d.* per ell. The managers of the company petitioned the Privy Council against this violation of the act of 1681, and on August 28th, 1684, representatives of the company were heard by a special Committee of the Council. It was asked whether the Newmills

[1] *Records of a Scottish Cloth Manufactory*, § 326.

[2] *Ibid.*, § 482. Most of the terms employed are the names of dyes, *e.g.* "mather" (madder), "argall" (argol), potash, copperas, cochineal, fustic.

[3] *Ibid.*, § 450. [4] *Ibid.*, § 352.

[5] Records of the Privy Council, quoted by Chambers, *Domestic Annals of Scotland*, II. p. 419.

[6] Acts of the Privy Council of Scotland, 1682–5, f. 79.

works could furnish enough cloth in a short time at reasonable rates for the forces, and the deputation undertook on behalf of the company to supply the army as quickly as cloth could be imported from England and at the same rates. They were also prepared to dye the cloth ordered any colour required, to show samples within a fortnight, and to give security for carrying out the contract[1]. It would appear that this offer was not accepted, or if accepted, that licenses for the importation of English cloth continued to be given. A fresh permission was issued to General Dalzell on September 16th, 1685, to import 100 ells of stone-grey cloth at 9*s.* per ell, for the use of his officers, and 1,100 ells for soldiers at 6*s.* per ell[2]. On January 8th of the following year the Captain of the Edinburgh Town Guard received a similar license for scarlet cloth, and on the same date, and again on February 3rd, further exemptions were granted to other officers[3].

Not only had the company to face the loss of the government contracts it had anticipated, while still in its infancy, but it had many difficulties with its work-people. When it is remembered that the employees numbered over seven hundred, and that some of these had come from a distance, that others were foreigners, and that the native Scot had little sympathy with imported labour, it need occasion no surprise that much of the time of the managers and master was spent in settling disputes at the mills. They found "the country people very backward to anything new or strange and not easily drawn from their old way of living, though the new be more comfortable and better[4]." Some of the skilled workmen not only would not obey orders but incited the others to quarrels, and it became necessary to ask the co-operation of the Provost of Haddington to have two discharged men removed from the district[5]. Within the company matters remained harmonious. At first some of the managers did not attend the meetings regularly. This was remedied by the institution of a system by which each manager deposited two dollars from which the sum of sixpence was to be deducted for each absence[6]. At this time, and prior to the building of the company's hall, the meetings of managers were held in the back-shop of a John Little, and at various coffee-houses. At first some of the members were dilatory in paying in their subscriptions[7], and others did not remove the cloth they had obtained by lot within the specified time[8]. Otherwise the minutes show that the internal working of the company was quite satisfactory.

[1] Acts of the Privy Council, 1682–5, ff. 473, 474.
[2] *Ibid.*, f. 500. [3] *Ibid.*, ff. 646, 647, 670.
[4] *A Representation of the Advantages...of erecting Manufactories, ut supra*, p. 10.
[5] *Records of a Scottish Cloth Manufactory*, § 244.
[6] *Ibid.*, § 22. [7] *Ibid.*, §§ 73, 135. [8] *Ibid.*, § 241.

It was fortunate that the members were united, for difficulties had to be faced. The government had made a serious mistake in granting licenses for the import of English cloth, which tended to make the act of 1681 a dead letter. In any case, there were certain to be many evasions of the law as long as importation remained profitable. Owing to the system of the farming of the customs, the control of commodities imported had, to a certain extent, passed out of the hands of the government, and when the State itself set the example of making exceptions to its own legislation, it was to be expected that private persons would endeavour to bring English cloth into the country in spite of the prohibition. Noblemen, who travelled abroad, returned with many years' supply of foreign cloth, and it was said that their servants concealed considerable quantities which they sold[1]. As early as 1683 the Newmills company became alarmed at the amount of cloth imported, and Sir James Stanfield was asked to use his influence with the officers of State in favour of a more strict adherence to the law[2]. In August of 1683 a complaint had been made against the company, but was "superseded" by a proclamation in its favour, after which measures were taken against a number of Edinburgh merchants who were known to deal regularly in prohibited cloth. They had been invited to join the company on condition of taking up stock at par and paying a premium equal to the amount of interest which had not been withdrawn by the original proprietors. The "interlopers," however, as if to "show their incorrigibleness and obstinacy," "slighting so great a mark of clemency," imported more cloth in the few months after the proclamation than in the three years before. The Privy Council decreed that the goods should be seized and burned, besides which the offenders were condemned to pay a fine[3]. Only a few weeks later a member of the company, Councillor John Baillie, was found to have imported English cloth to the value of £400 sterling, and it was decided that the cloth was to be burned by the common hangman, and his stock in the company forfeited[4]. The company saw the expected monopoly slipping away, and in 1685 the managers complained that they were in danger of being "utterly ruined and broke[5]." On March 4th it was decided to call a general meeting to consider whether the undertaking should stand or be dissolved[6]. Probably this language was exaggerated, inasmuch as

[1] Parliamentary Papers, 1702—Memorial concerning the State of Manufactures before and since the year 1700.

[2] *Records of a Scottish Cloth Manufactory*, § 271.

[3] Chambers, *Domestic Annals of Scotland*, II. pp. 420–1.

[4] *Chronological Notes of Scottish Affairs from* 1680–1701, by Lord Fountainhall; Edinburgh, 1822, p. 91.

[5] Chambers, *Domestic Annals of Scotland*, II. p. 420.

[6] *Records of a Scottish Cloth Manufactory*, §§ 640, 646.

a dividend had been paid in the May of the previous year, but it impressed the Privy Council, which had to face the alternatives of either allowing the act of 1681 to become a dead letter, or else taking measures to enforce it. Eventually it was decided to adopt the latter course, and the company was requested by the Lord Secretary to submit a statement of its grievances for the consideration of the Privy Council[1]. The address and memorial were remitted to a committee, which reported on August 7th, 1685, and the Privy Council, by an act of August 14th, explicitly ratified the forfeiture of the interest in the company of any member who imported prohibited cloth. It further forbids, under heavy penalties, the importing, wearing, or selling of all foreign cloth and serges, silk gloves and stockings, as well as worsted stockings. The company, or its agents, had full powers to seize any of the prohibited goods, to sue persons contravening the act before any competent tribunal, and to retain one-half of the penalty to defray expenses of the seizure. In cases of doubt as to whether certain commodities were native or foreign, the possessors of such goods were compelled to declare on oath from whom they had obtained them. As a further encouragement to the company, the Privy Council agreed to cease the granting of licenses for the importing of English cloth to supply the troops, on condition that the company should produce sufficient quantities of the required colours, and at a rate to be agreed upon by the company, with the proviso that, in case the price asked was found to be too high, the Privy Council reserved the right of proposing a new rate for the contracts[2]. On September 11th of the same year a further addition was made to the powers of the company by the grant of authorization of breaking open doors, chests, or other places where prohibited goods were suspected[3]. Early in the following year a King's letter and proclamation was issued on behalf of the company[4].

Though the extensive powers, conveyed by these documents, afford an instance of the commercial policy of the times, the methods of obtaining them, and the consideration given, constitute a curious sidelight on the ethical standard of the age. These are set down in the most naïve manner in the minutes of the managers, just as the various "gratifications" given by the East India company during the early years of its history are recorded in the court books. "Mr Colling M'Kenzie" received five guineas on account of the great care and pains he had taken in procuring the first act of the Privy Council, and various subordinate persons were paid smaller sums, ranging from one to

[1] *Records of a Scottish Cloth Manufactory*, § 624.
[2] Acts of the Privy Council, 1685, ff. 137, 138.
[3] *Ibid.*, f. 158.
[4] *Records of a Scottish Cloth Manufactory*, § 793.

six dollars[1]. The sum of £15 sterling was remitted to London, partly to "gratify" persons who had aided the company, partly to pay expenses[2]. On the bill "anent freedom of trade" being sent to the King, an official expected to be gratified, and it was ordered that he should be offered a pair of silk stockings "if that will satisfy him," if not, four dollars and one dollar for his man. The following resolution speaks for itself: "It being represented" to the managers "that the King's Advocat drawes thess lybells against the transgressours wrong because he is not informed," persons were to wait upon and inform him, and at the same time give him ten dollars for himself and his men two dollars each, and "ingadge" him in time to come[3].

From the grant of extended privileges until the Revolution the company enjoyed a considerable degree of prosperity, and, apart from prosecutions of transgressors, it was able to give greater attention to its internal affairs. It was a common complaint amongst early Scottish companies that the expense of skilled labour was very great. At the end of the year 1686 an attempt was made to arrange a scale of piece-work wages, which was under no circumstances to be exceeded. The weavers of the coarsest white cloth were not to receive more than 5*d.* per ell, the highest wages for weaving Spanish wool were not to be more than 14*d.* per ell, while the shearmen were to receive from 5*d.* to 8*d.* per ell[4]. The friction was not confined to the hands, for it was frequently necessary to remonstrate with more important officials of the company. The cashier was charged with partiality in the allocation of the payment for piece-work, and it was ordered that, in the event of any unjust distribution in future, six times the amount that he had underpaid or overpaid the men should be deducted from his own wages[5]. It was necessary to "discourse and reason" with the master about his method of dyeing fine black cloth[6], and also to compel him to instruct the apprentices in dyeing so as to carry out the obligations of the company under the act of 1681[7].

During this period the company had protracted negotiations with Sir James Stanfield. In 1681 he was a wealthy man, but owing to the extravagance of his eldest son (who was later executed for parricide) he was gradually falling into pecuniary difficulties. On March 1st, 1686, he proposed to sell his interest in the land and buildings at

[1] *Records of a Scottish Cloth Manufactory*, § 724. [2] *Ibid.*, § 793.

[3] *Ibid.*, § 1028. It is not easy to distinguish "gratifications" given for a consideration from those of the nature of a bribe. The following appear to be instances of the latter class: §§ 271, 272 ("a compleament to the officers of State"), 356, 508, 541 (for "favouring" the company in not "casting" army clothing supplied by it), 564, 571, 597, 623, 681, 724, 848, 883, 1183.

[4] *Ibid.*, § 920, p. 141. [5] *Ibid.*, § 932. [6] *Ibid.*, § 993. [7] *Ibid.*, § 423.

Newmills to the company[1], and on the 14th of May he was paid for certain goods he had handed over to the joint-stock undertaking[2]. The following year he offered his stock in the company on similar terms to that obtained at the previous sale. He also notified the managers that he claimed that the privilege of furnishing cloth for the troops should be divided between the existing company and a new one which he proposed to set up in proportion to the number of looms owned by each[3]. Owing to Stanfield's death soon afterwards, nothing more is heard of the proposed rival company. The purchase of the land and buildings at Newmills, though not effected during his lifetime, was carried out soon afterwards, as it became necessary to realize the estate to satisfy the creditors, but it is impossible to determine the date, as his affairs were still in bankruptcy in 1703[4]. It was not long before there was another attempt at competition at Newmills. A former servant of the company, named Spurroway, had taken the house at Newmills with a view to establish cloth works. The company felt it would be a "great inconveniencie...to have another work ther," and so a message was sent to Spurroway desiring "hime to keep up that good understanding hes bein betwixt hime and the company ever to this day, and if he cannot be prevailled with in a fair way to pass from it, to tell hime the company will take ther oune way to prevent his entering ther, and will reakon themselves very much disobledged by such methods quhich they hope he will prevent[5]."

Meanwhile the undertaking continued to make progress. The practical monopoly of supplying cloth for the army began to prove profitable. Mention is made of a contract for a troop at Edinburgh, to supply ready-made coats at 22*s*. each, when £6 sterling was allowed for making one hundred and twelve coats (or about 1*s*. per coat), the remaining £117 being for cloth[6]. It is interesting to notice that on the eve of the Revolution the garrison at the Bass was clothed in cloth made at Newmills[7]. One seems to obtain a glimpse of the possibility of a secret profit at the expense of the government in the sale of some coarse cloth, which had been in the warehouse for four years, to Lieutenant-General Douglas. This cloth had been valued at 6*s*. 3*d*. per ell, but was now sold at 4*s*. 2*d*. sterling[8]. In 1687 the output was again increased by the erection of a large twisting-mill[9], but against this is to be set the fact that the attempt to produce machine-made stockings had yielded little or no profit, and the frames were ordered to be sold by public roup[10].

1 *Records of a Scottish Cloth Manufactory*, § 797. 2 *Ibid.*, § 828.
3 *Ibid.*, § 988. 4 *Dictionary of Legal Decisions*, p. 12,614.
5 *Records of a Scottish Cloth Manufactory*, § 1211. 6 *Ibid.*, § 1320.
7 *Ibid.*, § 1139. 8 *Ibid.*, § 1030. 9 *Ibid.*, § 1007. 10 *Ibid.*, § 1122.

With the Revolution there came a temporary set-back in the progress of the company. During the unsettled times before the government of William III. was fully established, foreign cloth was again imported with very little hindrance. Such importation was tacitly recognized by an act of Parliament of 1690 which granted the magistrates of Edinburgh an impost of 12*s.* Scots per ell on imported English or foreign cloth[1]. In 1693 the company was incorporated by act of Parliament under the title of *the Incorporation of the Woollen Manufactory at Newmills in the Shire of Haddington.* This act recites that the undertaking had been subject to many discouragements and confirms the privileges of the act of 1681, and in addition confers exemption from customs for twenty-one years. It was also provided that an entry in the books kept in Edinburgh and in London should be sufficient evidence of ownership of shares[2]. By another act of the same year it was provided that the army should wear cloth made in Scotland, under similar conditions to those laid down by the Privy Council in 1685[3]. In 1695 the company was exempted from taxation[4].

Since the Revolution the stringent legislation against the import of foreign cloth and the export of Scottish wool, though not repealed, had come to be neglected. It may have been that the government felt that after nearly ten years of protection the Newmills company and other makers of fine cloth should be able to face foreign competition, but it is more probable that during the change of administration it was inconvenient to enforce these laws. Opinions as to the effect of the relaxation of protection were biased according to the interests of the persons who expressed them. It appears that the export of manufactured cloth had fallen very seriously. In 1674, 400,000 ells of plaiding had been exported from Aberdeen, and in the year 1694–5 the quantity for the same district had fallen to 80,000 ells. The price realized too was lower, owing to the fact that the best wool was exported and the home manufacturers were left with the refuse. Therefore both the quantity and quality of cloth produced had declined[5]. Arguments of this nature had weight with the Parliamentary Committee of Trade, and it was resolved to encourage a number of industries, including the Newmills manufactory. A note was appended to the resolution stating that the persons concerned in that manufacture had permission to bring in such acts as they thought fit[6]. At first it was proposed that the duty on imported cloth should be increased by

[1] *Acts of the Parliaments of Scotland,* IX. p. 206.

[2] *Ibid.,* IX. p. 318. [3] *Ibid.,* IX. p. 319. [4] *Ibid.,* IX. p. 371.

[5] Parliamentary Papers, 1702—Memorial concerning the State of Manufactures before and since the year 1700.

[6] Parliamentary Papers, *circa* 1695—List of Acts to be desired.

12*s.* Scots, and that on serges by 6*s.* Scots[1], but the manufacturers were still anxious to obtain a complete prohibition of imports. Accordingly, on October 8th, 1696, the Newmills company presented a petition stating that "the undertakers had advanced to that perfection that they were able not only to make woollen cloth as good as is made in any other nation but also in such quantities as may serve the kingdom and all ranks and degrees of persons within the same." It was pointed out that the act of 1681 prohibiting foreign cloth, as well as subsequent confirmatory acts of the Privy Council and the Lords of the Exchequer, had never been expressly rescinded. But an "allowance or practice" of importing foreign cloth had come into vogue "to the great discouragement of the company." It is therefore asked that the act of 1681 should be revived, especially as the company was prepared to be inspected by the Privy Council "and at their sight to make sufficient quantities of cloth and at reasonable rates for serving the whole kingdom, which was never formerly offered by any other manufacturer in this nation[2]." The petition was remitted to the Committee of Trade to bring in an act, and the draft act was read a first time on October 8th[3]. On August 4th, 1698, the Committee of Trade adopted the view that the importation of foreign cloth was a great discouragement to the existing manufactories, and the prohibition of imports of it was recommended[4]. Accordingly, overtures for acts, prohibiting the importation of cloth and the exportation of wool as well as for encouraging the woollen manufacture, were presented to Parliament[5]. Meanwhile the strength of the opposition to the existing state of affairs was increased by the foundation of several other woollen works, and finally in June 1699 the exportation of woollen yarn was prohibited by an act of the Privy Council[6]. Gradually the policy of a return to prohibition was making headway. It was believed that one reason of the decrease in exports was the deficient quality of the cloth exported. One writer stating that a thousand times as much could be sold abroad if it were rightly made[7]. Accordingly an overture for an act for measuring and sealing linen and woollen cloth came before Parliament in 1700, which proposed that all pieces of cloth should be of equal length, consisting

[1] *Acts of the Parliaments of Scotland*, IX. p. 460.

[2] Parliamentary Papers, Oct. 8, 1696—Petition of the woollen manufactory at Newmills anent the import of foreign cloth.

[3] *Acts of the Parliaments of Scotland*, x. p. 67.

[4] Parliamentary Papers, 1698—Minutes of the Committee of Trade.

[5] Parliamentary Papers, 1698—Overtures for Trade; *Acts of the Parliaments of Scotland*, x. pp. 146, 147.

[6] Parliamentary Papers, 1701—Exporting of wool.

[7] *A Scheme of Scotland's product and manufactures*, p. 20 [Advocates' Library, Pamphlets].

of a definite number of ells[1]. No cloth could be legally sold unless it was sealed by the official sealmaster, who was bound to seal only such cloth as was declared to be made at home. As in the act of 1685 in favour of the Newmills company, the sealmaster had the right of administering an oath, and he could compel persons, bringing cloth to be sealed, to declare the name of the weaver and his place of residence. Cloth, not distinguishable from that made abroad, was subject to forfeiture[2]. In 1701 the manufacturers addressed a petition to Parliament against the continued export of wool. They stated that the woollen industry at one time employed 50,000 persons and produced £10,000 sterling a year and it is now in danger of being destroyed. Exports had ceased to be profitable, indeed those made recently had not realized half the prime cost[3]. Prior to the export of wool, manufactured cloths and stockings had been sent abroad from "the north country and Stirling," but at this date the trade had ceased and the goods were rotting. A class of cloth, known as "Galloway whites," had at one time been sold abroad in large quantities. This continued till sheep skins began to be exported, and now not a single pack of Galloway whites was shipped[4]. This and other representations at length had weight with Parliament, and in 1701 an act was passed confirming the previous prohibitions of the wearing or importing of foreign cloth as well as the export of yarn. The chief addition to the previous acts of the Privy Council was the provision that, instead of any cloth seized under the act being destroyed, it was now to become the property of the informer, on condition that he gave security to export it within six months[5].

The passing of this act ended for a time the more pressing difficulties of the cloth manufacturer. How far the Newmills company had suffered from the neglect of the act of 1681 between 1689 and 1701 it is difficult to determine. Curiously enough the first series of the minutes ends about the earlier date and the second part only begins at the later one. On June 4th, 1701, it is recorded that in 1699 certain of the salaries at Newmills had been reduced owing to "the work being low[6]," and in the petition presented to Parliament in 1696 the company

[1] Parliamentary Papers, 1700—The number of ells in the piece is left blank.

[2] Parliamentary Papers, 1700—Overture for an Act for measuring and sealing of linnen cloth; *Acts of the Parliaments of Scotland*, x. App. p. 228.

[3] This statement is confirmed by the second series of the minutes, whence it appears that cloth sent to Holland for sale there was returned unsold (November 4, 1702, *Records of a Scottish Cloth Manufactory*, p. 327); *Scotland's Interest: Or the Benefit and Necessity of a Communication of Trade with England*, 1704, pp. 5, 6.

[4] Parliamentary Papers, 1701—Reasons against Act allowing the export of wool.

[5] *Acts of the Parliaments of Scotland*, XI. p. 190.

[6] *Records of a Scottish Cloth Manufactory*, p. 256.

stated that it had suffered great discouragement. Probably the least reliable information as to the financial condition of any undertaking would be its own account, given either to servants when their wages were to be revised or to Parliament when further encouragement was to be sought. No doubt the conflicting practices of customs-officials must have been very perplexing, and a complete system of non-prohibited imports of cloth would have been better than one under which English and foreign cloth was sometimes admitted, sometimes stopped. This must have meant a very serious inconvenience to the manufacturer, and the Newmills company, besides, had now to face the competition of other Scottish companies. The very fact that so many of these had been founded before 1701 affords indirect evidence that the cloth trade was considered to have favourable prospects, even before the legislation of that year. This conclusion is confirmed by a comparison of the later with the earlier Newmills minutes. The volume, beginning in 1701, shows that the business had grown during the interval. The capital had been increased, the quantity of cloth made was greater and the purchases of wool were larger. Besides it happens there is record of a transaction that gives some information as to the dividends actually declared. By January 20th, 1703, it would appear that the four previous dividends had amounted to 13, 10, 11, and 18 per cent. respectively or a total of 52 per cent.[1] This clearly shows that even before 1701 considerable profits were made.

Despite the competition of younger undertakings, the Newmills company seems to have held its own. By its constitution it dealt directly with the leading cloth merchants, and these, being members of the company, secured it a respectable sale of its goods. Then, too, it continued to obtain a share of the government contracts for cloth. But the great difficulty the business had to contend with at this date was the stringency of the local money-market. Debtors paid very slowly, the exchange abroad was adverse, and even the government owed the sum of £1,952. 14*s.* 2*d.* sterling for over ten years to the managers, this sum being about 20 per cent. on the issued capital[2]. The State in other respects continued to support the company by granting exemption from taxation. Thus in 1702, in the act levying a ten and a half months' cess on land-rent, "the lands of Newmills belonging to the woollen manufactory" are excepted, and a similar

[1] There is some doubt as to the dividend of 13 per cent., but the others are mentioned in the minutes, *vide Records of a Scottish Cloth Manufactory,* pp. 336, 337 note.

[2] Collection of Petitions to the Barons of the Exchequer (University Library, Edinburgh, Laing MSS., No. 488, Div. II.)—Petition of the managers of the manufactory at Newmills (1701).

privilege is recorded in the act of 1704 for a six months' cess, also in that of 1705 for a seven months' cess[1].

One effect of the act of 1701 is said to have been towards increasing the amount of cloth exported, which had grown from 80,000 ells in 1694–5 to 200,000 ells in 1702–3, from the same district[2]. The balance of opinion was favourable to the quality of cloth made at this period. One writer says that the cloth industry had, by 1700, arrived at "a very good degree of perfection," adding that "it is not to be expected that a child new-born should do all things as a man of perfect age, and therefore we are bound to have patience and cherish children till they attain to vigour so as to serve us—and so we must do with our manufactures[3]." Another author is of opinion that "woollen-cloth is now made as good as may serve the uses of the country[4]. Others were convinced that the industry had progressed far beyond what could have been expected in the comparatively short time since its inception[5]. In other quarters the judgment was far from being so decisive. The propounder of *Reasons general for a Sumptuary Law* held that "Scots manufactures are so little specious when compared to the gaudy imports, that what is manufactured in Scotland will not be used but contemned by the vain—and that is (in experience) almost all[6]." The minutes of the company show that, through laxity at the works, there was considerable cause for complaint. In 1702 "scrimp" measure had created "a great deall of clamour and trouble," and in the following year there was much annoyance through the ill-milling of the cloth, which was said to be "full of holes[7]." Though the prohibition of 1701 was received at first "with much popular applause and alacrity," it was not long before there was dissatisfaction because every man did not immediately experience the advantage he would gain[8]. In all probability, in view of the reduction of prices from 1695 to 1700, the plain man would need much argument to convince him of the benefit he would derive from any increase that might be made, on the return to complete protection. At the same time it is worthy of note that it

[1] *Acts of the Parliaments of Scotland,* XI. pp. 21, 138, 296.

[2] Parliamentary Papers, 1702—Memorial concerning the State of Manufactures before and since the year 1702.

[3] *A Letter to a Member of Parliament,* Edinburgh, 1700, p. 16.

[4] MS. Discourses anent the improvements may be made in Scotland [Advocates' Library, Wodrow MSS., 33. 5. 16], f. 15.

[5] Parliamentary Papers after 1702—Answers to a memorial given in by the merchant-tailors.

[6] Parliamentary Papers, 1698.

[7] *Records of a Scottish Cloth Manufactory,* pp. 322, 344.

[8] *A Speech without Doors concerning the Exportation of Wool,* Edinburgh, 1700, p. 8.

is recorded after 1700 that the tendency on the whole was towards lower prices for cloth[1].

From the beginning of the eighteenth century to the Union, the history of the Newmills company is embraced in the wider movement of the legislation affecting wool. In 1703 two draft acts were brought before Parliament, the one for the measurement and sealing of cloth and the other to prohibit the importation of foreign wool[2]. Against these, an overture for an act was considered which provided for the encouragement of woollen manufactories[3]. Such overtures represented the struggle between the manufacturing and land-owning interests. The prosperity of the proprietors of Galloway and Roxburgh largely depended on the prices realized for wool, and freedom of exporting meant a high return as against a low one when the wool must be consumed at home[4]. From the point of view of the manufacturer the prohibition of the export of wool was a necessity not only to provide him with cheap raw material but also to limit the supply of wool available for the foreign producers with whom he must compete if he exported his cloth.

The wool-masters secured a small advantage by endeavouring to obtain permission to export sheepskins with the wool on them[5]. The manufacturers presented a petition showing that the proposed act meant the re-introduction of the export of wool[6], and they were joined by the skinners and shoemakers. However, the export of skins was permitted under the condition that shipments should be limited to Borrowstounness, Port-Glasgow and Dumfries[7]. In 1704 the case of the wool-masters was carried a stage further by the promotion of a draft act allowing the export of wool. Against this the manufacturers were heard before Parliament. They represented that "on the faith of former laws, which were even but temporary, they erected manufactories at great charge, and now to bring in an act which entirely overturns them seems to be a hardship the like whereof has been unprecedented[8]." There was considerable debate on the clauses of the act, which was finally passed in the form of allowing export of wool, while the prohibition of the importation of cloth was again re-enacted[9]. At the same time the export

[1] Parliamentary Papers after 1702—Memorial concerning the State of Manufactures before and since the year 1700.

[2] *Acts of the Parliaments of Scotland,* XI. pp. 46, 80, 81.

[3] *Ibid.,* p. 63.

[4] *The History of the Union of Great Britain,* by Daniel Defoe, Edin. 1709, p. 123.

[5] *Acts of the Parliaments of Scotland,* XI. p. 111.

[6] Parliamentary Papers, 1703—Export of Skins.

[7] *Acts of the Parliaments of Scotland,* XI. p. 111.

[8] Parliamentary Papers, 1704—The Petition of the Manufacturers of this Kingdom against permission to export wool; *Acts of the Parliaments of Scotland,* XI. p. 177.

[9] *Acts of the Parliaments of Scotland,* XI. p. 190.

of Scottish cloth was exempted from duty, and this was recognized as some compensation to the manufacturer[1].

These acts constituted a complete triumph to the wool-masters, and at the same time a very serious blow to the undertakers of woollen works. According to Defoe, "the shipping off of the wool from Scotland...was a mortal wound given to the industry of the people, discouraging all attempts of manufacturing among them." The recommencement of the exportation of wool was coincident with the cessation of the exportation of cloth to Sweden and the Baltic, for "the Swedes now took their wool from Scotland which they had not been used to do, by which it was apparent, they (having the wool) made the manufactures themselves, and this was a dead loss to Scotland just so much as the employment and labour of the poor amounted to[2]."

These events were unfortunate for Scotland when commercial relations with England came to be adjusted at the Union. For many years past it had been the fixed policy of England to discourage the cloth trade elsewhere and concentrate it at home. For instance, in 1698, the House of Commons, noticing the growth of the woollen trade in Ireland, stated in a petition to the king, that "it behoves them like their ancestors to be jealous of the establishment and increase of this trade elsewhere[3]." Accordingly, by a King's letter, the government in Ireland was directed to discourage the woollen trade and encourage the manufacture of linen[4]. The same policy was now to be applied to Scotland, but with this difference, that Scotland was in a stronger position than Ireland had been in bargaining for compensation in respect of losses through the abandonment of the fine cloth trade. England, in conformity with a definite policy, required the prohibition of the export of wool, and therefore some compensation was awarded to the wool-masters, affected by the change, through subsidies to the manufacture of coarse cloth. It was widely felt that there was a hardship to Scottish producers in the destruction of the fine cloth works already established. For, with freedom of trade between the two countries, English cloth ceased to be prohibited, and it was sold at much lower prices than the home product[5]. At the same time it must be remembered that Scotland

[1] *Acts of the Parliaments of Scotland,* XI. App. p. 53.

[2] *History of the Union, ut supra,* p. 123.

[3] *Vide supra,* p. 102.

[4] State Papers—Public Record Office, Dublin, King's and Queen's Letters, under July 7, 1698; Carton 178, No. 3779.

[5] Defoe, *History of the Union, ut supra,* Appendix, Part I. p. 36. This is confirmed by Adam Smith (*Wealth of Nations,* Book I. ch. XI. ed. Nicholson, p. 99), who states that the price of wool fell "very considerably" after the Union. The loss to the land-owners, he adds, was made good by a rise in the price of meat. William Paterson in 1706 mentioned the cloth trade as one of those which was

could only be compensated once for the same thing. Granting the export of wool, for the cessation of which compensation was given, it was impossible that allowance should be made for the loss of protection to the fine cloth manufacture, for this trade had already been very seriously endangered by the same permission of freedom of exporting wool. In fact there were, up till 1704, two avenues possible for a claim for compensation. One was the continuation of the prohibition of the export of wool, in which case there would have been grounds in equity for allowances to be made to the manufacturers of broadcloth for the loss of protection against English imports. In view of the anxiety of England to secure the cloth trade, it is possible the Scottish position, in bargaining on the terms of the Union, would have been stronger on this than on the grounds that had to be taken up, namely, the loss of the right to export wool[1].

After the Union some of the early manufactories turned their attention to the production of inferior cloth, and petitions were presented from Wm. Hogg of Harcarse and the Musselburgh company, making certain offers in return for grants from the Equivalent[2]. The Newmills company does not appear to have made any attempt to adapt itself to the changed circumstances, and preparations were made for the winding up of the company. The necessary steps could only be made very slowly, as there was difficulty in obtaining payment of some long outstanding accounts due by the government for army clothing[3]. At a meeting held towards the end of February 1711 it was decided to accept proposals from intending purchasers of the lands of Newmills, the dead stock and privileges of the company[4]. Meetings of the members were called for the 3rd of June, the 11th of June, and the 28th of June of the same year[5]. In February 1712 the property was again advertized for sale with the hall of the company in Edinburgh[6]. Early in May it was announced that the sale had been adjourned[7]. Evidently there was important business for which it was difficult to obtain a quorum, for, during the last days of October an advertisement was published to the effect that "the proprietors of the Newmills Manufactory are entreated to meet at their hall on Monday November 3rd at 2 o'c.

likely to gain by the Union (*An Enquiry into the Reasonableness and Consequences of an Union with Scotland*, 1706, p. 123).

[1] Some particulars of the general effects of the Scottish protective policy are given in an article on this subject in *The Scottish Historical Review* (January 1904), I. pp. 173-90.

[2] A Collection of Petitions to the Barons of the Exchequer (University Library, Edinburgh, Laing MSS., No. 488, Div. II.).

[3] *The Dictionary of Legal Decisions*, p. 1400.

[4] *The Scots Courant*, Nos. 853, 880.

[5] *Ibid.*, Nos. 894, 895, 981.

[6] *Ibid.*, No. 1010.

[7] *Ibid.*, No. 1041.

in the afternoon anent special affairs of the company[1]." As a result of this meeting it was decided to offer the property in separate lots, and, in the next issue of *the Scots Courant*, the lands of Newmills were advertized for public sale, and "the proprietors were entreated to be present at the roup[2]" on December 1st at 3 o'clock. The hall was to be rouped on the 8th, but subsequently the sale was adjourned to February 16th, 1713[3]. Just before the sale of the hall, a drawing of the remaining cloth by lot was held on February 2nd[4]. Last of all, on March 20th, the machinery and plant were sold. It comprised tools for the manufacture of broadcloth, "such as shiffers, cards, hand-stocks with and without teasels, weavers'-looms, spinning-wheels, weavers'-shuttles, weavers' reeds, reels, sheer-boards and dubbing boards, brushes, burling tables, tenters, iron stove, two hot presses, one cold press, pressing planks, pressing papers, also Spanish wool dyed several mixtures[5]."

The lands of Newmills were purchased by Colonel Charteris and he changed the name to Amisfield, so that, with the winding-up of the company, the designation of its property disappeared.

B. Other Woollen Manufactories.

Woollen Manufacture at Glasgow (James Armour), 1683.
Woollen Manufacture at Paul's Work, Edinburgh, 1683–1708.
Woollen Manufacture at Musselburgh, (?) 1695.
Woollen Manufacture at Aberdeen, 1696.
The Woollen Manufacture of Glasgow (Wm. Cochrane), 1699.
Woollen and Linen Manufactory of John Corse, Glasgow, 1700.
William Hog's Manufacture, (?) 1702–3.
The Woollen Manufacture of North-Mills, Aberdeenshire (Wm. Black), 1703.
Lyell's Manufactory at Gairdin, 1704.

In addition to the Newmills company, there was a large number of other cloth works, some of them of considerable importance. In fact, owing to the advantages given by the act of 1681 for encouraging trade and manufactures, as well as the special privileges obtained by the

[1] *The Scots Courant*, No. 1112. [2] *Ibid*, No. 1118.
[3] *Ibid.*, No. 1147. [4] *Ibid.*, No. 1145. [5] *Ibid.*, No. 1166.

Newmills company, people had turned their minds and stocks by preference towards the woollen trade[1]. In 1683, the privileges of a manufacture were granted to the undertaking of James Armour at Glasgow, which was intended to produce serges and other kinds of cloth[2]. There is no record as to the success or failure of this venture, but it would appear that it did not ruin the promoter, as a James Armour, of Glasgow, was associated with Chamberlain in the proposal for establishing a Land Bank[3].

In 1683, the privileges of a manufacture were granted to a broadcloth manufactory at Paul's Work, in Edinburgh, which had already been in operation. This undertaking had been established by a partnership of several persons, and evidence was produced before the Privy Council to show that the whole process from the purchase of the rough wool, including dyeing and mixing, up to the delivery of broadcloth was performed in the factory and that the cloth had gained the approval of the merchants of Edinburgh[4]. It is by no means easy to differentiate this company from the Scots Linen Manufacture, which also had buildings at Paul's Work[5]. The company of 1683 is said to have made linens as well as cloth[6], and, therefore, when Dupin was forming his linen company in 1690, he may either have acquired the premises of the older concern, or again, the two businesses may have co-existed side by side—the address of each being "Paul's Work." On the whole, it seems that the advertisement quoted below[7], with reference to the sale or feuing of Paul's Work, related to this rather than to the buildings occupied by the Linen company, because, in the description, there is no reference to linen, and there is mention of the Bonnington Mills, which had long been used for the production of cloth. The undertaking offered for sale in 1708 had a subsidy from the Town Council of Edinburgh for the teaching of apprentices—a kind of grant given to many of the woollen factories.

For over ten years, no records of new cloth works have come to light. The reason for this, as well as the starting of numerous undertakings from 1695 to 1705, is to be found in the attitude of the State to the importation of foreign cloth and the exportation of wool[8]. As soon as there were grounds to expect that a return would be made to the

[1] Parliamentary Papers, 1702—Memorial concerning the State of Manufactures before and since the year 1700.

[2] *Acts of the Parliaments of Scotland,* VIII. p. 361.

[3] *Vide infra,* Division X., Section 3.

[4] Decreta of Privy Council of Scotland, f. 181.

[5] *Vide infra,* Division IX., Section 4c.

[6] Warden, *Linen Trade,* p. 428.

[7] *Vide infra,* p. 169.

[8] *Vide supra,* pp. 153–5.

protectionist policy in vogue from 1681 to 1685, new woollen companies began to be created. Works had been established at Musselburgh, by a Gilbert Robertson, of Whitehouse, who, in 1695, petitioned Parliament for the same privileges that had been granted to the Newmills company. He stated that he had been very well encouraged by the success of his labour, and was resolved to extend his works by assuming others in partnership[1]. In 1703, the same request was again preferred, and by that time the undertaking had grown. "Many hundreds" of work-people were employed[2], and, by the inclusion of a number of partners, a considerable stock had been adventured[3].

In 1696, a company, consisting of a moderately large membership, was established in the city of Aberdeen[4].

An influential company was formed in Glasgow in 1699, consisting of ten persons, including William Dunlop, principal of the University; Mungo Cochrane, a distiller; and several ship-owners. It proposed "to make woollen stuffs of all sorts, such as damasks, half-silks, draughts, friezes, drogats, tartans, craips, capitations, russets, and all other stuffs for men and women's apparel, either in summer or winter." It was expected that this varied assortment of products could be sold "at an easie rate," and, to secure a high standard of workmanship, "able artists" had been brought from abroad. The company sought special consideration from the Privy Council in view of the fact that £10,000 sterling was annually paid to Ireland from the south and west of Scotland for woollen goods, which would now be made at home[5]. A similar petition was presented to Parliament for the privileges of a manufacture, under the act of 1681[6]. This company soon made rapid progress, and about the year 1700 it employed 1,400 persons, this being the largest number recorded as receiving wages simultaneously from any one firm[7]. In 1704, this company took the lead, as the premier cloth factory, in petitioning Parliament for a more liberal policy towards the manufacturers[8]. From 1704, there is no further mention of this undertaking; as already shown, being a producer of fine woollen goods, it would have suffered by the Union, and when later efforts were made

[1] Parliamentary Papers, 1695—The Petition of G. Robertson.

[2] Parliamentary Papers, 1702—Memorial concerning the State of Manufactures before and since the year 1700.

[3] *Acts of the Parliaments of Scotland,* XI. p. 81.

[4] Chambers, *Domestic Annals of Scotland,* III. p. 155.

[5] *Ibid.,* III. pp. 126, 127.

[6] Parliamentary Papers, undated—The Petition of William Cochrane.

[7] Parliamentary Papers, 1702—Memorial concerning the State of Manufactures before and since the year 1700.

[8] Parliamentary Papers, 1704—Proposals in favour of the Woollen Manufactories and particularly that of Glasgow.

to start the industry again in Glasgow, such efforts were regarded as founding the trade anew. Another woollen factory, which had a branch for making linen, was started in 1700 by John Corse[1].

The second series of the minutes of the Newmills company, which begins in 1701, presents some interesting side-lights on the condition of other cloth factories. Mention is there made of the more important of the contemporary undertakings, namely the Musselburgh, the Glasgow, and Paul's Work companies. Another business, established at Hamilton, is also referred to. The relations between these different factories were partly harmonious, partly antagonistic. After the act of 1701, prohibiting the export of wool, joint action was taken by the Newmills and Paul's Work companies to convict persons evading this enactment[2]. It appears, too, that improved technical processes were communicated by the Musselburgh to the Newmills company[3]. The chief occasion of friction arose out of the acts giving the owners of factories extensive powers over servants they brought into the country. The Newmills company several times complained of "the running away" of skilled hands to other cloth works, and the measures taken for the recovery of the fugitives are recorded[4].

Besides the works already mentioned, there were some others founded in the early years of the eighteenth century. One was owned by William Hog, of Harcarse, in Berwickshire, which had the unique distinction of surviving the Union[5]. The methods of managing Gordon's mill, near Aberdeen, which was known as the manufactory of North-Mills, are of considerable interest. The proprietor, an advocate, named William Black, stated that his servants, who were highly trained, were bound to work for any one who would employ them, and work only for their master "when they have nothing else to do—yea, when any work comes from the country, his is laid aside." This was the only method by which Scots manufactures could be obtained at reasonable prices! One is not surprised to find Black was not in any society, as he explains it, because the partners "would not so unanimously agree in running such hazards." In the study of Parliamentary petitions, one comes to expect that the amount demanded at the close will be in proportion to the benevolence in the preamble, and the present is a case in point. Black asked the privilege of a manufacture, and, in addition, parallel grants to those

[1] *Acts of the Parliaments of Scotland*, x. App. p. 56.

[2] *Records of a Scottish Cloth Manufactory*, p. 274. There is another reference to the Paul's Work as late as January 20th, 1703, when the master became security for a purchaser of cloth from the Newmills company. This entry is in the statistical matter, which is not included in the printed copy.

[3] *Ibid.*, p. 238. [4] *Ibid.*, pp. 225, 234, 264, 268.

[5] Collection of Petitions to the Barons of the Exchequer, *ut supra*—Proposals of William Hog (dated January, 1709).

enjoyed by the Newmills company, with the very important further requirement of Parliamentary sanction for the county raising any sum, not exceeding a week's cess, to be paid to Black for maintaining and teaching apprentices. Parliament granted one part of the petition, namely, the privilege of a manufacture: the immunities granted Newmills were refused to the North-Mills manufactory, and the Commissioners of Supply for Aberdeenshire were authorized to raise £1,000 yearly for five years to be paid Black for maintaining and teaching the trade to boys from the county[1].

James Lyell, of Gairdin, had obtained, in 1695, the privilege of a manufacture for a process for extracting oil from seeds, and for the preparation of hare and rabbit skins to be made into hats[2]. In 1704, he petitioned Parliament for the same encouragement for his woollen manufactory established at Gairdin, asking at the same time that he should be allowed £1,000 Scots a year to enable him to teach the trade to poor boys. In support of his request, he stated that it was well known that "joint-stocks and co-partneries were seldom or never so sure, advantageous, and successful as the industry of private persons who have sufficient stock and skill for carrying on such an undertaking, and who, being encouraged to work for themselves, do not only improve in the work but in a short time bring low the prices and employ the poor[3]." Evidently, even in the first years of the eighteenth century, the effect of pauper labour on prices had been felt.

C. The Scots Linen Manufacture (Incorporated by act of Parliament, 1693).

From a very early period rough linens had been made in Scotland. Before the Restoration the methods of weaving were rude, and there was no standard of quality or of the length of pieces. By an act entitled, "an act discharging the exportation of linen yarn," passed in the first Parliament of Charles II., yarn was to be sold by weight, bleaching by lime was forbidden, and all linens were to be of a certain size, according to their price. By the act of 1681 for encouraging trade and manufactures, the importation of foreign linens was prohibited. Up to 1681 there had been a considerable trade in linen with the north of

[1] *Acts of the Parliaments of Scotland,* XI. pp. 81, 82. William Black was the author of *The Privileges of the Royal Burrows, as contained in their particular Rights, and the Ancient Laws and Records of Parliament and their General Convention,* Edinburgh, 1707, and other tracts.

[2] *Acts of the Parliaments of Scotland,* IX. p. 420.

[3] Parliamentary Papers, 1704—The Petition of James Lyell of Gairdin.

England—indeed, the home and foreign trade at this time was sufficient to employ about 12,000 persons in the spinning of flax. The English, being prevented from exporting both cloth and linen into Scotland, adopted retaliatory measures, and, as stated in a petition to the Privy Council in 1684, Scotsmen selling linens in England had been whipped as criminals and compelled to give security to discontinue the traffic. The Council recommended the Secretary of State to intercede with the King, in order that the Scots merchants might have liberty to sell their goods in England[1]. In 1686 it was ordained by act of Parliament that dead bodies should be buried only in Scots linen, and infraction of the law was visited with heavy penalties[2]. This act was ratified in 1693 and 1695. About this time a number of French refugees, who were expert linen weavers, arrived in Scotland and settled in Edinburgh, near the head of Leith Walk, which was long afterwards known as Little Picardy[3].

After the Revolution an attempt was made to introduce capital and improved methods by Nicholas Dupin, who had been instrumental in founding the King's and Queen's Linen corporations, both in England and Ireland. In the latter countries he had obtained patents granting the exclusive right of using certain new or foreign processes, and in each case the shares stood at considerable premiums for some time. It was unlikely that so astute an *entrepreneur* as Dupin, who could control considerable resources, would leave such a promising field as Scotland untouched; and accordingly, in 1691, he had secured the promise of a patent for Scotland, similar to those he had already obtained for England and Ireland. The matter came before the Convention of Royal Burghs in the following October, and evidently the proposed monopoly, as well as the introduction of English capital, excited no little dismay. The Convention summoned a special meeting to consider the grant, and in the meantime it entreated the King that nothing further be concluded in the matter[4]. After the Committee had reported, the Convention declared that no more was necessary to improve the industry than to enforce the existing laws, because the reputation of the nation had suffered greatly abroad through the "irregularity and insufficiency of the linens exported[5]." Apparently no notice was taken of this suggestion, and in July, 1692, it was declared that the proposed company threatened to prejudice the state of the Royal Burghs, and that the adjustment of

[1] *Acts of the Parliaments of Scotland,* VII. pp. 465, 466; *History of Civilization in Scotland,* by John MacIntosh, III. p. 311.

[2] *Acts of the Parliaments of Scotland,* VIII. p. 598.

[3] *The Huguenots,* by Samuel Smiles, London, 1867, p. 338.

[4] *Records of the Convention of the Royal Burghs,* 1677–1711, p. 146.

[5] *Ibid.,* p. 148.

the difficulty required the wisdom of Parliament[1]. At the same time a direct appeal was made to the King, and it was urged that the proposed company would ruin the Royal Burghs[2]. To this the King replied that he would not grant any patents or "erections" to the prejudice or monopolizing of the trade or manufactures of his ancient kingdom of Scotland[3]. So far the Burghs had impeded Dupin's enterprize, and at first sight it would appear they had right completely on their side. It is to be remembered, however, that the monopoly Dupin's corporations had acquired in England and Ireland was not for the linen trade as a whole, but rather for certain kinds of fine spinning and damask-weaving[4]; and though there appears to be no copy of the proposed patent for Scotland in existence, in all probability the privileges would be the same. As these were new processes in that country, he had a right to a certain measure of protection, though the perpetual monopoly of the specified processes erred on the side of generosity to the inventor. The real reason of the opposition of the Burghs was the long-standing difficulty, which had descended from the gild-merchant, in reference to trading relations between free men and those not free of a Royal Burgh. This occasioned much trouble to the Newmills woollen manufactory, and was probably the reason of the peculiar manner in which its output was distributed[5].

Dupin had not waited for the signing of his patent, but had already acquired an interest in suitable works. It would appear that the looms were established in a tenement known as Paul's Work at the foot of the Leith Wynd in Edinburgh. As early as 1609 there had been an attempt to establish a cloth factory at the same place[6], and in 1681 the works were again started, and the privilege of a manufacture granted the proprietors for the linen and woollen industry[7]. Other works had also been acquired at the citadel of Leith, and by 1693 about 700 persons were employed, and, according to the account of the owners, the linens produced far exceeded in quality those made in England or Ireland[8].

Up to 1693 the undertaking had been financed by the English

[1] *Records of the Convention of the Royal Burghs*, 1677–1711, p. 164.

[2] *Ibid.*, p. 165.

[3] *Ibid.*, p. 168: cf. State Papers, Domestic, Warrant Book—Scotland, xv. p. 125.

[4] *Vide supra*, pp. 91, 99.

[5] *A Representation of the Advantages...of erecting Manufactories, ut supra*, also *supra*, p. 142.

[6] *The Linen Trade*, by Alex. J. Warden, London, 1854, p. 428.

[7] Acts of the Privy Council, 1682–5 (under September 1, 1681), Chambers, *Domestic Annals of Scotland*, II. p. 427.

[8] Parliamentary Papers, 1693—Memorandum anent the advancement of linen cloth, etc.

corporation, and the latter had now troubles of its own to face and was unable to provide the capital needed. The pioneer company in Scotland, without the protection of a patent or any other privileges, could no longer pay its way; and in a "memorandum anent the advancement of linen cloth, being considerations on the profits that would arise from the advancement of linen cloth, with a list of the acts and privileges that would cause this Kingdom to flourish by that trade alone," it is shown that, on the winding up of the company, the finer work it had now begun to produce would be transplanted to Ireland[1]. Whereas, if more capital were introduced and "with good wholesome laws," for the encouragement of the shareholders, "the linens produced would be cheaper than our neighbour nations to our advancement and their discouragement[2]." Probably Dupin had at one time intended the English corporation to be the parent undertaking for the three kingdoms, but already it was on the verge of failure—the shares having fallen from 45 to 18 during this same year 1693[3]. It may have occurred to him, considering the natural advantages of Scotland for this industry, to make the Paul's Work the chief factory in Britain. However this may be, he suggested the formation of a new company on a very large scale, with a capital of from £20,000 to £40,000 sterling, which should be specially exempted from attachment from certain outstanding debts already incurred[4]. Apparently the existing company was a direct successor of the partnership of 1681, for it is also asked that the period for freedom from taxes (which in that case would expire in 1700) should be prolonged[5]. The places where food was supplied to the work-people should be free of taxes also; and, as in the case of the New-mills company, any drink consumed by them from excise duties[6]. The laws regulating the quantity of linens should be enforced, and finally the company asked to have a royalty of 2*d.* Scots on every ell of linen sold in Scotland to maintain servants to measure, mark and seal it, and "to give good example and instruction in every shire about the goodness of it[7]," whence it seems to follow that the competitors of the company were to be taxed to advertize the product of their rivals!

On the recommendation of the Committee of Trade, Parliament decided to encourage the company, and no less than three acts were passed in June 1693 in its favour. With special reference to the industry as a whole, all linens were to be of uniform size and quality, and, as a guarantee of this provision being carried out, all pieces exposed for sale must bear the seal of a Royal Burgh—the fee for sealing

[1] Parliamentary Papers, 1693—Memorandum, *ut supra*, f. 7.
[2] *Ibid.*, f. 2.
[3] *Vide supra*, p. 97.
[4] Parliamentary Papers, 1693—Memorandum, *ut supra*, ff. 5, 6.
[5] *Ibid.*, f. 7.
[6] *Ibid.*, f. 4.
[7] *Ibid.*, f. 8.

being 8*d.* Scots per piece. In future, no yarn was to be exported, and it must always be sold by weight[1]. By another act, the company obtained the following privileges: it had the right (confined by the previous act to the Royal Burghs) of affixing a seal to linens from its looms, duties on its exports were remitted for twenty-one years, and all drink consumed by the work-people was free of taxes. All the privileges of the act of 1681 for encouraging trade and manufactures were also granted. It was also enacted that the undertaking could not be wound up without the consent of three-fourths of the shareholders, and that a transfer in the books of the company was sufficient evidence of the ownership of shares[2]. About the time this act was obtained, the shares began to be dealt with in London, but no record of the prices realized has been preserved[3].

Dupin, in his "memorandum" to the Committee of Trade, had mentioned a capital of between £20,000 and £40,000 sterling as being required. This was a much larger amount than that invested in the Irish or English corporations, the initial capital of the former having been £2,000, and that of the latter £3,400[4]. No doubt the great premium, which was obtainable at one time on the shares of both undertakings, as well as the eagerness of the public to take up a second issue of the English body at £50 for the £10 share, suggested the idea of floating the Scottish company with a relatively larger capital. But in view of the very meagre amount of the resources of Scotland available for investment, as shown by the difficulty Dupin found in obtaining even a part of the £4,000 required for the Scots Paper manufacture, as well as the embarrassment of the English Linen corporation at this time, it was only to be expected that very little of the total amount required was subscribed. The issue of stock, however, was not a total failure, for it is recorded that Sir John Foulis of Ravelston and members of his family owned shares[5], still there are reasons to believe that only a small sum was provided, and the whole enterprize was, therefore, in

[1] *Acts of the Parliaments of Scotland,* IX. pp. 311, 312.

[2] *Ibid.,* IX. p. 316.

[3] Houghton, *Collections,* under May 16th, 1694. In this list (*vide* Plate, vol. I.) the linen undertakings are printed as follows:—

Linen K. and Q.'s £9
Scotch

The price of shares in the latter is not recorded though Houghton offered that in such cases any subscriber, who paid an extra subscription to his paper, could have the prices filled in by hand. No numbers of the *Collections,* with these additions, have been discovered.

[4] *Vide supra,* pp. 91, 100.

[5] *The Account Book of Sir John Foulis of Ravelston,* edited by Rev. A. W. C. Hallen (Scottish History Society), pp. 183, 222, 223.

danger of never obtaining a fair start; but, immediately it became apparent that sufficient subscriptions would not be obtained, Dupin re-opened negotiations with the Royal Burghs for financial assistance. On the analogy of the constitution of the Dutch East India company, he represented that a part of the capital required should be invested by the Royal Burghs, a course which was rendered legal by the precedents for municipal trading dating back to the time of Charles I. An agreement was signed by the Royal Burghs on May 28th, 1694, which provided that the capital of the company should be fixed at £30,000 sterling, divided into 6,000 shares of £5 each. On the lines of the Fishery company established in the reign of Charles I., it was provided that half the shares should be offered for subscription in England, and that the management should be divided between the subscribers of the two countries equally[1]. The board was to consist of 30 assistants, from whom the governor, deputy-governor, and treasurer were to be chosen[2]. The voting rights were limited to one vote for every five shares, with the proviso that no holding of shares entitled the owner to more than five votes, or, in other words, any investment beyond £125 sterling had no vote[3]. Shareholders were entitled to a separate certificate for *each* share[4]. As in the White Paper manufacture, Dupin was to receive 8*s.* per share, or 12½ per cent., for his efforts prior to the incorporation of the company[5].

The Royal Burghs, as a whole, had not come forward to subscribe, and in July few were interested in the company. The Convention, after deliberation, recommended any burgh, interested in the linen industry, to join Dupin's society[6], so that it may be concluded that only a small part of the total capital proposed was actually paid up. Still, the increase to the resources of the undertaking was sufficient to secure its financial stability for the time, and, in addition, to enable it to acquire additional properties. In 1695 mention is made of works at Logan's Close, in Leith, and of a bleaching ground at Corstorphine[7]. In the same year the Committee of Trade recommended Parliament to encourage the company, and permission was given to bring in such an act as would be beneficial[8]. Accordingly the company framed an over-

[1] *Articles of Agreement made and agreed on this twenty-eighth day of May, in the year of our Lord* 1694, *between the Royal Free Burrows ... of Scotland, who shall be pleased to subscribe and be concerned in the Scots Linen Subscription Book for the Linen Manufacture in that Kingdom on the one part, and Nicholas Dupin ... in trust for the members who shall be pleased to subscribe and be concerned in the aforesaid manufacture in England, of the other part.* Edinburgh, 1694, pp. 1, 2; *vide supra*, II. p. 363.

[2] *Ibid.*, p. 5. [3] *Ibid.*, p. 13. [4] *Ibid.*, p. 11. [5] *Ibid.*, p. 12.

[6] *Records of the Convention of Royal Burghs*, 1677–1711, p. 194.

[7] *Acts of the Parliaments of Scotland*, IX. p. 430.

[8] Parliamentary Papers, *circa* 1695—List of Acts to be desired.

ture for an act, which was passed in due course by Parliament, giving the right (already granted by the Privy Council to the Newmills company) of searching for and seizing linens not in conformity with the act of 1693. The same measure extended the exemptions from excise to the properties recently acquired by the company[1].

In spite of the right of seizure of imperfect linens granted by the acts of 1693 and 1695, in 1698 the company complained to Parliament that the true making of linen was not observed, and for this reason Scottish linens were in disrepute abroad[2]. By 1700 the acts for regulating the quality of linens had ceased to be obeyed, and an overture for a fresh enactment confirming previous legislation was introduced, but it did not become law[3]. Opinions, expressed by apparently disinterested persons on the quality of linen made in Scotland, were far from being harmonious. A writer, comparing the state of manufactures at the beginning of the eighteenth century with the same industries at an earlier date, says that "all sorts of linens are now made finer, broader, and in larger pieces[4]," and another describes the flax industry in general terms as having arrived "at a very good degree of perfection[5]." There is, however, reason to believe these statements were too optimistic. In 1704 it is noted that Scotsmen had found their linens "such a drug on their hands that not a third part is sold of what was formerly, and even that at so low a rate that what was before sold for 12*d.* is now sold at near a half under[6]." It was said in 1706, that, if Scottish linens were rightly made, three times as much could be sold abroad[7]. Indeed, there is an accumulation of evidence that fine linens were not produced to any considerable extent in Scotland till after the Union. Not only so, but owing to the continued export of defective, and it is to be feared dishonestly described linens, there was a prejudice in foreign markets against Scottish manufactures[8]. These circumstances constituted a serious handicap to the Scots Linen manufacture, for it could not produce on a sufficiently large scale if it could not find a market abroad, and it could not sell readily either abroad or in England, owing to

[1] *Acts of the Parliaments of Scotland*, IX. p. 430.

[2] *Ibid.*, X. App. p. 22.

[3] Parliamentary Papers, 1700—Overture for an Act of Parliament for Measuring and Sealing of Linen and Woollen Cloth.

[4] MS. Discourses anent the improvements may be made in Scotland (Advocates' Library, Wodrow MSS., 33. 5. 16), f. 15.

[5] *A Letter to a Member of Parliament.* Edinburgh, 1704, p. 9.

[6] *An Essay on Industry and Trade.* Edinburgh, 1706, p. 10.

[7] *Scotland's Interest: Or the Great Benefit and Necessity of a Communication of Trade with England*, 1704, p. 5.

[8] Similarly the Newmills company was unable, in 1701, to sell cloth it had exported to Holland.

the prejudice against Scottish linen. It was therefore to be expected that the company could not continue to pay its way; and it would appear that, during the first few years of the eighteenth century, the undertaking was wound up and the buildings let. An advertisement which appeared in *the Edinburgh Courant* in August 1708 sets out that the undertakers of the woollen manufactory at Paul's Work, at the foot of Leith Wynd, with the several houses there and at Bonnington Mills, are prepared to let these premises, together with "the money that is paid yearly by the good town of Edinburgh for the maintenance and teaching of poor boys." This seems to apply to a woollen factory[1] which was situated near the property of this company. As late as 1713 an undertaking, described as that at Paul's Work, was in a flourishing financial condition as is shown by its being able to lend the City of Edinburgh £24,666. 13*s*. 4*d*. Scots at 5½ per cent. This was the third largest loan out of thirty-six, being exceeded only by those of the "College" and the "Lords of Session[2]." On the whole it is probable that this was a woollen manufactory, dealing with the coarser fabrics. Ten years before this date the linen trade had suffered during the tension between Scotland and England. The exportation of Scottish linens to England was prohibited, together with that of a number of other commodities, and it was estimated that the total annual loss, occasioned by this legislation, was £120,000. In the course of a spirited protest, in which retaliation was recommended, it was stated in 1705 that the chief seats of the linen industry were then at Hamilton and Glasgow, so that it may be inferred that, by this date, the Scots Linen manufacture had been wound up[3].

D. The Silk Manufactory (1697).

As early as 1682, an effort had been made to introduce the spinning of silk into Scotland. In that year, a monopoly for seventeen years was granted to George Sanders for a manufactory for the twisting and throwing of all sorts of raw silk. Sanders having failed to succeed in his undertaking, the Privy Council, on June 15th, 1697, authorized Joseph Ormiston and William Elliot to set up a similar undertaking, which was to have the privilege of a manufacture under the act of

[1] *Vide supra*, p. 159.

[2] "MS. List of the Town of Edinburgh's Creditors at Lambas, 1713"—bound up in "Edinburgh Tracts," Univ. Lib. St Andrews, I. (1671–1799—CG. 3. 49).

[3] *The Accompt Current between Scotland and England*, by J[ohn] S[puell], Edinburgh, 1705, pp. 1, 20.

1681[1]. In the year 1698, the promoters presented a petition to Parliament in which they stated that the enterprize had not as yet been started, "because it is very obvious that except others had been discharged and debarred from setting up and prosecuting the same manufacture for a certain space of years, during which we might have expected a reimbursement of our charges and expenses that usually attend such an undertaking, your petitioners could not follow the said act [of the Privy Council] without evidently hazarding the loss of our stock, beside the disappointment of any small gain that might reasonably be expected by the undertakers of any such public work." It was added that though the Privy Council had granted the privilege of the undertaking being a manufacture, it had been loth to give a monopoly, that being more proper for Parliament. The signatories, therefore, asked the sole privilege of a manufacture for winding, throwing, twisting, and dyeing all sorts of raw and unwrought silks for themselves and the partners they intended to assume[2]. This petition was considered by Parliament, but the partnership was subjected to a peculiar species of opposition. The tendency of the act of 1681 was not only to encourage trade and manufactures but also to repress luxury by the prohibition of the wearing of certain costly materials. These provisions, like other clauses of the act, had ceased to be observed, and in all probability they would have been forgotten had it not been that the country was beginning to experience a scarcity of resources, which was partly due to bad harvests and the payment of the capital subscribed to the Darien company, partly also, but in a less degree, to investments in new manufacturing enterprizes which as yet had yielded small returns. Owing to the trend of opinion at the time, the want of spending power was attributed to the growth of luxury, and there was a marked tendency to revert to the enactment of sumptuary laws. Accordingly, in 1698, an "act to regulate the wearing of silk stuffs" was introduced, but it was ordered to lie on the table[3].

Though Ormiston and his partners had failed to secure a monopoly, and though their projected enterprize was threatened by sumptuary legislation, the scheme was proceeded with, and at the same time efforts were made to secure other privileges. In 1700, an act was brought before Parliament to prohibit the importation of foreign silk stuffs; and, after some exceptions had been made, it was passed in 1701[4].

[1] Acts of the Privy Council of Scotland. Chambers, *Domestic Annals of Scotland*, III. p. 155.

[2] Parliamentary Papers, 1698—The Petition of Joseph Ormiston and William Elliot, Merchants, anent a Silk Manufactory.

[3] *Acts of the Parliaments of Scotland*, x. p. 144.

[4] *Ibid.*, x. pp. 146, 147, 240, 280.

With this encouragement, the undertaking made progress, and, about this time, 23 looms were in use[1]. By this period, profits had been earned sufficient to excite the envy of those who were not members of the company, and complaints were made that the benefits of the trade were confined to a small number of persons[2]. Another objection to the company was urged by the merchants of Edinburgh, who complained that the silk manufacture was injurious to the cloth trade. The former industry depended of necessity on imported raw material, whereas the latter utilized a home product, therefore the woollen trade should be encouraged and the silk-weaving industry suppressed[3].

A much more serious menace to the continued prosperity of the undertaking than the opposition of the cloth manufacturers arose from the neglect of the act of 1701, prohibiting the importation of foreign silk, and to the facilities for smuggling goods that could be packed in small bulk[4]. As in the case of the Royal Lustring company of England, it was found that it was almost impossible to maintain prices owing to the supply of smuggled goods being of considerable magnitude[5]. Besides, the passing of laws to encourage certain companies or individuals, by the prohibition of competing imports, threw the onus of discovery and prosecution on the favoured companies, and this resulted in the prosecutors sustaining "much reproach and discouragement[6]." In addition, the scarcity of capital began to be more felt in the first years of the eighteenth century, and persons who did not find a remedy in land-bank schemes, or the revival of the Darien company, continued to press for a sumptuary law. One writer in favour of such legislation says, "who can deny that every heritor in Scotland doth spend more on superfluities for himself, his wife, and children, than his taxes for the public amount

[1] Parliamentary Papers, 1702—Memorial concerning the State of Manufactures before and since the year 1700.

[2] Parliamentary Papers after 1702—Answers to Memorial given in by the Merchant Tailors.

[3] *Acts of the Parliaments of Scotland*, XI. p. 132. The statement in the text must be taken as an *ex parte* one. Even as late as 1774 it is recorded that little of the wool then used was the product of the country, most of it being brought from Newcastle and London (Postlethwayt, *Dictionary of Trade and Commerce*, Article on Scotland). The minutes of the Newmills company show that, when Scottish wool was used at all, it could only be made into the lowest grade of cloth, while an analysis of the names of sellers to the company suggests that the purchases may have been dictated by other than strictly commercial objects. At the same time very large purchases of Spanish wool were made.

[4] *Acts of the Parliaments of Scotland*, XI. pp. 53, 54.

[5] *Vide supra*, pp. 80–3.

[6] Parliamentary Papers after 1702—Answers to Memorial given in by Merchant Tailors.

to, and much more—is not this prohibition an easy and virtuous way to reimburse ourselves[1]?" The silk manufacturers were charged with encouraging prodigality, and much was made of the fact that this was one of the very few manufactures encouraged by Parliament which produced articles of luxury. It was also objected that the industry employed very few hands. This was said to be a "mistake, for it is well known that there are a great many young gentlemen, who formerly were in great straits, who are now subsisting by winding silk"—indeed, the proprietors of the manufactory contended that they employed as many persons, proportionately to the size of the country, as were paid wages in the same industry in England. The merchants who retailed silk memorialized Parliament showing the injury they had sustained by the partners in the manufactory themselves acting as retailers (as had been done by the Newmills company), which was looked upon as "an attempt to drive a plain monopoly[2]." When it is remembered that the founders of the company endeavoured to obtain a monopoly, it is amusing to find they profess to be surprised at this charge being made, and point to the fact that anyone may start a manufactory. In 1705, an overture for an act, prohibiting the wearing of any silk (except black silk), was brought before Parliament[3]. The proprietors of the silk manufactory petitioned against this overture becoming law. They stated that the industry had been brought to an extraordinary degree of perfection[4]; but, as against this, it was alleged that the web was imported into Scotland already warped[5]. The manufacturers further pleaded for consideration from Parliament in view of the fact that, through the establishment of the industry, "very many poor were profitably and virtuously employed," and that they could sell silks as cheaply as those imported from England[6]. The Union gave them an opportunity of testing the latter assertion, apparently to the

[1] Parliamentary Papers, 1700—Reasons General for a Sumptuary Law. About this time or not long afterwards there is mention of a counter agitation to remedy the adverse exchange "by the import of superfluities of many kinds"—*A Proposition for Remeding the Debasement of Coyne in Scotland* [St Andrews Univ. Lib. Pamphlets $\frac{\text{C.10.26}}{10}$], p. 6.

[2] Parliamentary Papers, 1704—Answers of the Masters of the Silk Manufactory to the Representations of the Retailing Merchants.

[3] *Acts of the Parliaments of Scotland*, XI. p. 219. Parliamentary Papers, 1705—Draft Act—Silk.

[4] Parliamentary Papers, 1705—Petition of the Merchants and Others concerned in the Silk Manufactory.

[5] *Acts of the Parliaments of Scotland*, XI. p. 54.

[6] Parliamentary Papers, 1705—Petition, *ut supra*.

detriment of the Scottish silk industry, for, in 1709, we find Joseph Ormiston giving his attention to the cloth trade, and coming forward, as a petitioner on behalf of a proposed company, for a part of the grant payable by the Commissioners of the Equivalent[1].

E. Other Textile and Allied Industries.

The Manufacture of Colchester Baizes (1693).
The Manufacture of Stockings (1700).
The Sail-Cloth Manufactory at Leith (1694).
Rope Work of James and Thomas Deans (about 1690).
The Rope Manufactory at Glasgow (1690).
Cordage Manufactory at Glasgow (1700).

John Holland, the founder of the Bank of Scotland, was one of the many persons with capital at their disposal who, after the Revolution, were endeavouring to develope Scottish industries. He was instrumental in forming a company for producing "that sort of cloth, commonly known as Colchester baises, which will consume a great deal of cloth, which cannot be profitable either at home or abroad." By an act of Parliament, dated June 14th, 1693, a company was created, consisting, in the first instance, of six persons named, to which the usual statutory privileges of a manufacture were granted. Further, as in the case of the Scots Linen manufacture and other companies, an entry in the books to be kept in Edinburgh and London, was sufficient title to the ownership of shares. This act gives the curious privilege of a monopoly for seven years as against other joint-stock companies, but not against private persons, subject to the condition that works should be established within two years, otherwise the grant was to determine[2].

As early as 1682, the Newmills company had introduced the making of stockings by the use of weaving-frames, but the plant was sold in 1689[3]. In 1700, a number of merchants in Edinburgh petitioned for encouragement in this industry[4], and in 1706, there were two firms engaged in the trade[5].

[1] Collection of Petitions to the Barons of the Exchequer, *ut supra*—Petition of Joseph Ormiston.

[2] *Acts of the Parliaments of Scotland*, IX. p. 313.

[3] *Vide supra*, pp. 143, 149.

[4] *Acts of the Parliaments of Scotland*, IX. p. 231.

[5] *Edinburgh Courant*, No. 189.

Up till the time of William III., Scottish shipping was under a grave disadvantage in that it was necessary to build vessels of any considerable size out of the country, and, once a ship had been obtained, stores, such as sail-cloth and cordage, had to be imported. Attempts were now made to remedy this state of affairs by the formation of a company for the manufacture of sail-cloth. In 1694, a patent was granted certain undertakers incorporating them as a "*societas*," with a monopoly for seven years[1]. By an act of Parliament of the year 1696, the monopoly was extended to nineteen years[2]. A factory had been built at Leith, which was burnt down in 1710. As the monopoly was due to lapse (unless renewed) in 1713, the proprietors gave up the trade, and the premises were rebuilt as the Great Brewery, in the Yard Heads[3].

For the provision of home-made ropes, a rope-work had been started at Newhaven, by James Deans, who had retired from business after incurring considerable loss. In 1694, his son, Thomas Deans, received the privileges of a manufacture from the Privy Council, "being prepared to venture another stock in the same work[4]." In the Newmills minutes, there is considerable information as to the members of the Deans family. By 1703, Thomas Deans was deceased, and his will was produced by his executor in connection with a holding of stock in the Newmills company, which amounted to £9,000 Scots, or £750 sterling[5].

In 1690, a rope-manufacturing company had been established at Glasgow, with a capital of £40,000 Scots, or rather over £3,000 sterling[6], to which, on May 7th, 1696, the Privy Council granted the privileges of a manufacture[7]. Two years later, this company petitioned Parliament for a prohibition of imported cordage from the Sound or the East Seas. It was pointed out, in reply, that the whole kingdom could not be supplied conveniently from Glasgow, "because of the dangerous passage by sea," and that it was easier for ship-owners in the North of Scotland to obtain cordage from Holland than from Glasgow, till the time came when ropes could be manufactured in their own districts[8]. Accordingly, a duty of 50*s.* per cwt. was im-

[1] Reg. Magni Sig. (General Register House, Edinburgh), XIV. (1692–1700), f. 76.

[2] *Acts of the Parliaments of Scotland*, IX. p. 103.

[3] *The Scots Postman*, No. 854, Feb. 28, 1711.

[4] Acts of the Privy Council quoted by Chambers, *Domestic Annals of Scotland*, III. p. 78.

[5] *Records of a Scottish Cloth Manufactory*, pp. 336, 337.

[6] Gibson, *History of Glasgow, ut supra*, p. 245.

[7] Chambers, *Domestic Annals of Scotland*, III. p. 87.

[8] Parliamentary Papers, 1698—Overture anent Ropes and Cordage.

posed on imported cordage to encourage the Glasgow company[1]. By the time M'Ure wrote his *View of Glasgow*, this undertaking was already known as the "old rope work," and, in 1777, it was still in existence[2].

In 1700, a petition was addressed to Parliament for encouragement to establish a cordage manufactory at Glasgow[3]. There is no evidence to show whether this or the former company, or again a later undertaking, is that of which M'Ure gives the following description: "The Rope Work is situated on the west side of Stockwell Street, consisting of two stately lodgings, belonging to the proprietors,—great store houses—spinning houses,—garden, and boiling-houses; and the old green for spinning large cables, tarred and white ropes, with a pleasant garden[4]."

[1] *Acts of the Parliaments of Scotland*, x. p. 154.

[2] Gibson, *History of Glasgow, ut supra*, p. 245.

[3] *Acts of the Parliaments of Scotland*, IX. p. 231.

[4] *Glasghu Facies*, p. 584.

SECTION V. THE WOOL-CARD MANUFACTORY AT LEITH (ESTABLISHED IN 1663).

ONE of the industries, established as a result of the legislation of 1661, was a wool-card manufactory at Leith. Up to this time the instruments, used in carding wool, had been imported; and, following the example of England, it was decided to protect the persons who would start the production of wool-cards in Scotland. As early as 1565 patents had been granted in England which formed the basis of the important company known as the "society of Mineral and Battery Works[1]." From the date of its foundation up to 1662 several proclamations had been issued making it illegal to import foreign wool-cards or to sell "translated" or trimmed-up old wool-cards. Owing to the trend of events in Scotland it was not till 1663 that a similar organization was established there. The Scottish act of 1661, while granting large privileges to infant industries, was quite silent as to the protecting of them from foreign competition. In this case the keen desire to rival the English wool trade led to all possible encouragement being given to a Scottish wool-card manufactory, not only, under the prevailing mercantilist ideas, to prevent the exportation of bullion, but also to improve the carding of wool by insuring the use of new wool-cards only—it having been customary for the people to buy cards which had been rejected elsewhere and re-made[2]. Accordingly, on June 3rd, 1663, a patent under the Great Seal was granted to James Currie, Provost of Edinburgh, and James Auchterlony, their assigns and partners (*sociis*), conferring the monopoly of producing wool-cards for nineteen years[3]. This privilege was confirmed to the same persons and two others by an act of Parliament dated September 29th of the same year. The importation of re-furbished cards is forbidden under the usual penalties. Prohibitive duties were exacted from persons importing foreign cards, namely, £6 Scots per doz. "stock-cards," and £3 Scots per doz. of other [new] cards. These duties were to continue for seven

[1] *Vide supra*, II. pp. 413–15.

[2] Parliamentary Papers, 1690—Act anent the Manufacture of Cairds.

[3] Reg. Magni Sig., x. (1676–84), f. 142.

years from the starting of the manufactory. For the next ten years the tax was to be reduced by one-half, and subsequently imports were to be free, unless the Lords of the Exchequer saw reason to continue the imposts. These privileges were subject to the following conditions: the company must produce a sufficient quantity of cards to supply the whole country, the price charged for the first seven years must not be more than ten per cent. in excess of that of those imported before the payment of import duty, and after seven years the ten per cent. allowance was to cease[1].

During the early years of the history of this co-partnership the importation of re-furbished cards continued; and, for further encouragement of the undertaking, the original duties were maintained, and the conditions imposed on the company interpreted generously. On June 11th, 1675, the Lords of the Exchequer endeavoured to prevent the importation of new and re-furbished cards by the connivance of the farmers of the customs, and it was ordered that all foreign cards should be seized and destroyed[2]. This course, as well as the endeavour of the managers to enforce their monopoly by the prevention of the sale of cards, except those made by them, led to considerable dissatisfaction. In 1680 there were complaints from Dundee brought before the Convention of Royal Burghs[3], and it is not improbable that in view of the determination of the monopoly in 1682 the patentees were inclined to moderate their demands for the time.

The financial results of the venture had so far been disastrous. The capital raised had been thrice lost—according to the tale of the company—solely owing to the continued importation of re-furbished cards. On these grounds a renewal of the monopoly, as well as more stringent prohibition of imported cards, was applied for[4]. On February 8th, 1681, an extension of the monopoly was granted for a further period of nineteen years[5], and on July 15th the Lords of the Exchequer repeated their previous order to the tacksmen of the customs to enforce the law against imported wool-cards. By an act of the Privy Council of December 6th, 1689, the same prohibition, especially as affecting re-furbished cards, was again repeated[6].

These privileges resulted in several real or alleged grievances. Like the Newmills woollen company, the Leith Card manufactory had the

[1] *Acts of the Parliaments of Scotland*, VII. p. 488.

[2] Parliamentary Papers, 1690—Information of the heirs of John Hay...and Managers of the Caird Manufactory at Leith.

[3] *The Records of the Convention of Royal Burghs*, 1677–1711, p. 21.

[4] Parliamentary Papers, 1690—Information, &c., *ut supra*.

[5] Reg. Magni Sig., x. f. 142.

[6] Parliamentary Papers, 1690—Information, &c., *ut supra*.

right of compelling suspected persons to testify on oath, and in 1685 the managers forced traders to make the necessary declaration before the supreme judicatory. This was felt to be a hardship, and a petition was presented to Parliament praying that the oath might be taken in the burgh where the person making it resided[1]. As a result of a seizure arising out of the act of the Privy Council of 1689, the company and the Royal Burghs came into conflict. John Spruell had imported cards, and when these were destroyed, he determined "to raise the Royal Burghs to break the manufacture[2]." A draft act was prepared which, after reciting the terms of the two patents, set forth that none or very few of the conditions of the first patent had been performed of set purpose so that the monopoly might be extended; for this reason it was proposed to be enacted that the patent should be null and void, and that wool cards might be imported as formerly[3]. The supporters of Spruell alleged that the cards made at Leith were neither good nor cheap. These charges educed a considerable amount of evidence from the manufacturers. It was stated a stock of cards, valued at £1,000 sterling, was held at Leith, and that none could deny their cheapness "except such as buy them as a cloak under which they sell great quantities of old re-furbished cards every year which, when search is made for the old ones, are always produced and kept unsold for that effect." The remade cards are declared to be "a perfect cheat and have beene the ruin of the manufacture[4]." The fraud consisted in the fact that the refurbished cards could be bought in England at 8*s.* a doz., and were sold in Scotland at the same price as new ones. The latter fetched from 18*s.* to 20*s.* a doz. in London, and the Leith undertaking offered cards made there for 20*s.* a doz., with six months' credit, thus conforming to the provisions of the act of 1663. The quality of the Leith cards was guaranteed by the fact that they were in use at the Newmills and other manufactories, and the masters of these works had testified that the cards were as good as any they could obtain from England or abroad[5]. In so far as this statement relates to the Newmills woollen manufactory some qualification is required, for in this case the cards required for the best work were imported; for instance, on June 2nd, 1686, 4 doz. Spanish wool-cards were ordered from Holland[6]. The Leith company also

[1] *Reports of the Convention of Royal Burghs*, 1677–1711, p. 59.

[2] Parliamentary Papers, 1690—Information, &c., *ut supra.*

[3] *Ibid.*, 1690—[Draft] Act anent the Manufacture of Cairds.

[4] *Ibid.*, 1690—Information, &c., *ut supra.*

[5] *Ibid.*, 1690—Information for the Partners of the Manufactory at Leith for making Wool and Tow Cards.

[6] *Records of a Scottish Cloth Manufactory*, p. 123.

claimed that it could undersell any cards, either made in Scotland or imported from abroad, and that exports could be made at a profit. The tacksmen of the customs were said never to have exacted half the duties on new cards and to have admitted re-furbished ones, while it was added that large outlays of capital had been made "on the public faith of the laws," so that any interruption of the monopoly would be a great hardship before this outlay had been recovered. It required £500 sterling to provide calf-skins, and £200 sterling to pay the wrights who prepared timber for making the cards, besides many other expenses. In all sixty families had been maintained, and these were in danger of being reduced to beggary, if the importation of cards were permitted. On these grounds the company asked that the privilege of a manufactory should be granted to it for a further period of nineteen years, and that all foreign cards should be prohibited for all time coming[1]. The upshot of the opposing petitions was that the draft act against the company was referred to the Commissioners of Fines and Forfeitures, and nothing was done[2].

Though the Royal Burghs had suffered a check in the agitation against the company in 1690, they were far from allowing the matter to rest. In 1691 the agent of the burghs was directed to endeavour to obtain a suspension of the privileges of the manufactory, and in the following year he was ordered to defend any burgess, inhabiting a Royal Burgh, who was charged at the instance of Ewan MacGrigor, one of the managers of the co-partnery. In 1696 a Committee was appointed to hear complaints against the monopoly, and, on the Committee having reported, the Convention recommended the Commissioners to Parliament "to discharge the great grievance of the manufacture of wool-cards[3]." No result followed from these representations. The other side had not been idle, and a decree was obtained which compelled persons requiring wool-cards to buy those made at the Leith manufactory.

This decree evoked an indignant protest from the Royal Burghs in 1703, which declared that the cards made at Leith were "insufficient," and that there was "one universal complaint against them[4]." In 1705 a memorial against the company was transmitted to Parliament. It alleged that there were hundreds of complaints from persons, even from whole parishes, which had been distressed by the masters of the manu-

[1] Parliamentary Papers, 1690—Petition of John Hay and others, and Information for the Partners, &c.

[2] *Ibid.*, 1690—[Draft] Act anent the Manufacture of Cairds.

[3] *Records of the Convention of Royal Burghs*, 1677–1711, pp. 141, 155, 210, 229, 303.

[4] *Ibid.*, p. 346.

factory. To this the company replied that all prosecutions had been directed against the unlawful importation of "that rotten stuff of foreign old cards," which, "though in a manner cast away abroad and bought up for little or nothing, yet are endeavoured to be imposed on this kingdom at as high a rate as the manufactory's cards." The whole animus against the undertaking was due to its endeavour to enforce the legislation against illegal importation of re-furbished cards. As against the attacks made "by whispers and complaints of querulous, envious persons, importers and retailers of old cards, for the alleged insufficiency of their work," the approval of the woollen manufactories is again quoted, and any calumnies were abundantly disproved by the fact that "the manufactory is so well settled and approven[1]." What was the upshot of the quarrel is unknown. It is probable that the change in the wool trade after the Union made the monopoly no longer worth defending. As to its financial results, during an existence of over forty years, it is not possible to pronounce a decided opinion. The assertion that the stock was thrice lost, early in the history of the concern, is confirmed by the fact that Provost Currie, one of the original patentees, was in great pecuniary difficulties in 1695[2]. From that date till the Union it would appear that the considerable number of woollen works established would increase the demand for carded wool, and consequently for wool-cards. Therefore, provided the Leith company could render importation sufficiently unattractive, large profits should have been made. That the undertaking had at least some measure of success is indicated not only by its lengthy existence, but also by the reference to the envy of its opponents in the document quoted above.

[1] Parliamentary Papers, 1705—The Representation of John Hay, Ewan MacGrigor and Partners.

[2] *Ibid.*, 1695—Act in favour of James Currie. *Acts of the Parliaments of Scotland*, IX. p. 489. App. p. 124.

SECTION VI. THE SOCIETY OF THE WHITE WRITING AND PRINTING PAPER MANUFACTORY OF SCOTLAND (ESTABLISHED IN 1694).

As early as 1590 an attempt was made to establish a paper manufactory in Scotland, but without success[1]. It was not till the year 1675 that it could be said that paper-works were actually founded. Mills were built at Dalry, on the Water of Leith, within easy reach of Edinburgh. Under the acts of 1661 and 1662 foreigners were brought into the country, and the usual privileges granted to the manufacturers. The founders of this industry had the misfortune to have to re-erect their mills owing to a fire having destroyed the original buildings. By 1679 the works were able to produce "grey and blue paper much finer than ever this country formerly offered[2]." On March 7th of the same year a petition was presented to the Privy Council, stating that not only did the manufactory supply good paper which had hitherto been imported, but also it was deserving of encouragement through its use of rags, "which formerly were put to no good use." The gathering of rags gave employment to numbers of poor people, and already many Scotsmen had been instructed in the art of making paper. The owners of the mills asked that they should receive encouragement by the Privy Council suppressing "the faulty custom, not practised anywhere else," of employing fine rags for the making of wicks for candles. It was represented that cotton wicks ought to be used by the candlemakers, which, though dearer, would give better light. In reply to this petition, the Privy Council prohibited the use of rags for making candle-wicks[3].

Another paper-mill had been established by Peter Bruce about 1685 in conjunction with the working of a monopoly he had obtained for the making of playing-cards. Bruce fell into monetary difficulties, as

[1] Chambers, *Domestic Annals of Scotland*, I. p. 195, II. p. 398.

[2] *Ibid.*, II. p. 398. In 1679 another paper-work was established by Nicholas de Champ on the banks of the Cart. His apprentice erected a larger factory at Milnholm. *Glasghu Facies*, p. 1224; Smiles, *Huguenots*, p. 338.

[3] Chambers, *Domestic Annals of Scotland*, II. pp. 398, 399.

he alleged, through a bill of suspension "surreptitiously stolen forth against him" by some merchants of Ayr, whom he had prosecuted for contravention of his monopoly[1]. Eventually the exclusive grant, together with the paper-mill, was transferred to James Hamilton of Little Earnock, who petitioned for a confirmation of the privileges enjoyed by Bruce. He obtained an act of Parliament in 1693, which gave the privilege of a manufacture, as defined by the act of 1681, to his various undertakings[2].

These works confined themselves to the production of coarse grey and blue paper, the attempts made to manufacture writing paper having failed[3]. As in several other cases, local efforts to found new industries did not succeed through want of capital, and because (as recorded in the act founding the Scots Paper company) "such undertakings cannot be managed otherwise than by a society and incorporation[4]." Nicholas Dupin, a French refugee, who had already founded Paper companies, which were so far successful, in England and Ireland, was encouraged by several noblemen to introduce English capital into Scotland for the manufacture of white paper. He had already had experience of Scottish industry through his connection with the promotion of the Scots Linen company, of which he was deputy-governor[5]. Accordingly, he petitioned the Privy Council on July 5th, 1694, asking for the "privileges of a manufacture" according to the act of 1681. He stated that "he had arrived at the art of making all sorts of fine paper moulds, as good or better than any made beyond seas and at a far cheaper rate, insomuch that one man may make and furnish more moulds in one week than any other workman of other nations can furnish in two months' time." He and his associates "have arts to make the greatest mortar and vessel for making paper without timber," and they have also provided "several ingenious outlandish workmen to work and teach their art in this kingdom[6]." The Privy Council granted permission for the establishment of paper-mills in Scotland, "but without hindering any persons already set up," and also "to put the coat of arms of this kingdom upon the paper which shall be made at these mills[7]." On July 10th, 1695, by act of Parliament, Dupin and his partners were granted the privileges of a

[1] Privy Council Papers, 1685–6 (General Register House, Edinburgh)—Petition to the Privy Council by Peter Bruce, Master of the Manufactory of Playing Cards.

[2] *Acts of the Parliaments of Scotland,* IX. p. 340.

[3] Petition of Nicholas Dupin to the Privy Council in *Domestic Annals,* III. p. 86.

[4] *Acts of the Parliaments of Scotland,* IX. p. 429.

[5] *Vide supra,* pp. 64, 71, 163.

[6] Chambers, *Domestic Annals of Scotland,* III. p. 86.

[7] *Ibid.,* III. p. 87. Though there are several petitions from the company at the Register House, the watermark mentioned above cannot be detected in any of them.

manufactory, with the right to incorporate themselves under the title of *the Scots White Paper Manufactory*[1].

On the act of the Privy Council being obtained in 1694, the first steps towards starting works had been made, on a small capital outlay. The mills appear to have been at Yester[2], and there was later a warehouse for storing paper in Edinburgh at Heriot's Bridge, in the Grassmarket[3]. A month after the passing of the act in favour of the company, articles of partnership were signed, on August 19th, 1695, which prescribed the internal management of the undertaking and fixed the terms for a new issue of shares. At the first general meeting every year thirteen shareholders were to be chosen to act as a governing body, and these should elect from their own number a Præses[4]. The capital already paid in, together with that now offered for subscription, amounted to £5,000 sterling. This was divided into 1,400 shares[5]. No one person, except by an act of the general meeting, was allowed to subscribe for more than twenty shares, so that the minimum number of shareholders would have been seventy, if the issue had been taken up[6]. Each five shares entitled the owner to one vote. The shares were offered at £4 sterling, or a premium of 12 per cent. In addition, each shareholder was to pay a further premium of 18*s.* sterling of "subscription money" to Dupin at the time of application[7]. At the same time, one-third of the £4 sterling was to be paid to the treasurer, and the remainder "whensoever the same shall be judged necessary by the general meeting or a committee of seven persons, to be chosen out of their number for that effect[8]." In 1697 Dupin stated that the project was likely to have failed for want of enough subscribers, unless the promoters had taken up the shares themselves, which at that date they were prepared to offer "at a reasonable rate[9]."

In 1696 the producing stage had been reached, and according to contemporary evidence, enough paper was being made to supply the country[10]. The next year the company, in support of a petition to the Privy Council, was able to provide evidence of having produced good

[1] *Acts of the Parliaments of Scotland,* IX. p. 429.

[2] Parliamentary Papers, 1698—Overture for an Act for the Improvement...of the White Paper Manufactory.

[3] Advertisement in *Edinburgh Gazette,* No. 8, March 23, 1699, Advocates' Library (bound with *The Scots' Postman*).

[4] *Articles concluded and agreed upon by the Society of the White Writing and Printing Paper Manufactory at Edinburgh, the* 19*th of August,* 1695, *in the terms whereof partners were to be assumed* [Brit. Mus. 1391 . c . 21], p. 2.

[5] *Ibid.,* p. 6.

[6] *Ibid.,* p. 5.

[7] *Ibid.,* p. 7.

[8] *Ibid.,* p. 7.

[9] Acts of the Privy Council of Scotland, under July 15, 1697.

[10] Chambers, *Domestic Annals of Scotland,* III. p. 88.

white paper, but it required "a little further encouragement to be an advantage to the whole kingdom."

Mention was made of the great expense incurred in securing foreign workmen, and the fact that the making of paper had now been brought to perfection. The other industries, that had received special privileges, were less generally advantageous than this one, because they depended on foreign raw material, whereas paper not only was made from something found at home, but utilized what would otherwise have been a waste product. The company was able to undersell foreign paper, but in view of having introduced the manufacture of white paper, it asked the sole privilege of this trade in Scotland for a term of years, "because it was unjust that others should reap the reward of their labours," especially as the books for subscriptions had remained open for such a long time. It was also urged that there was some danger that their servants might be enticed away, and therefore they asked further powers similar to those conferred upon the Newmills company[1]. The latter concession was granted by the Privy Council: but, in view of the existence of other paper-mills, the monopoly of white paper-making was withheld. Having failed to obtain the monopoly, an overture of an act was presented to Parliament in 1698 asking encouragement in other directions. Apparently the demand for paper, made by the company, had increased considerably, for there was some difficulty in obtaining a sufficient supply of rags. An act was asked prohibiting candlemakers from using wicks made of rags, as in the case of the Dalry Mills[2]. The candlemakers of Edinburgh petitioned against the draft act, claiming that they had a prescriptive right to use rags in their trade. The Paper company had "in a most clandestine manner" obtained an act of the Privy Council preventing them from using rags as heretofore, and the candlemakers had raised a process of reduction. The company "fearing the reduction would prevail," had brought in the overture with a view to monopolizing the supply of rags, reducing the wages of rag-pickers, and, in fact, obtaining the raw material at an artificially low price by abolition of the competition of the candlemakers[3]. The company also complained that not only did the government abstain from using home-made paper, but that those who imported for official purposes ordered much larger quantities than were required, which were sold to the public. The draft act also recited that "the importing from Holland and the vending here of many English books which are usually,

[1] Acts of the Privy Council, under July 15, 1697.

[2] Parliamentary Papers, 1698—Overture for an Act for the Improvement...of White Paper.

[3] *Ibid.*—Representations of the Candlemakers of Edinburgh against the White Paper Manufacture.

or may be, printed or reprinted here, is not only a manifest prejudice to the improvement of printing and the paper manufactory in this kingdom, but may also be the means of corrupting and leading the common people of this kingdom into dangerous errors by their reading such imperfect Bibles, New Testaments, Psalm-books, and Confessions of Faith." Therefore it was proposed to levy a duty of a fixed percentage on all writing or printing paper imported, but this act did not become law[1].

In the next year (1699) the company advertized a considerable stock of Imperial writing, printing, pressing, and packing papers[2]. After 1699 there is no further direct information as to the fortunes of the company. From a curious series of events it would appear, however, that, before 1705, the undertaking had ceased to manufacture, and that the mills had been let to Evander M'Iver. At that date there were two Edinburgh newspapers, the *Gazette* and the *Courant*. For some time there had been a keen rivalry between the proprietors. It happened that in 1705 Evander M'Iver, who was described as the "tacksman of the Scots Manufactory paper-mills," had petitioned the Privy Council to complete the reprinting of an English book, entitled *War betwixt the British Kingdoms Considered*. The *Courant* published this petition, and the Privy Council, disapproving of the work in question, suspended the publication of both newspapers.

[1] Parliamentary Papers, 1698—Overture for an Act, &c.

[2] *Edinburgh Gazette*, No. 8.

SECTION VII. INDUSTRIES RELATED TO IRON, STEEL AND MINING.

MINE-DRAINING ENGINE OF MARMADUKE HUDSON AND PARTNERS (1693).
THE COMPANY FOR WORKING MINES AND MINERALS IN THE KINGDOM OF SCOTLAND (1695).
CO-PARTNERY FOR THE SMELTING OF MINERALS (1701).
JOHN MEIKLE'S FOUNDRY, EDINBURGH (1686–1705).
GLASGOW HARDWARE MANUFACTURE (1699).
GLASGOW HARDWARE MANUFACTURE (1700).

OWING to the generally backward condition of Scottish industry in the sixteenth and seventeenth centuries, only partial and unsuccessful efforts had been made to develope the mineral resources of the country. Mention has already been made of the various undertakings for working the mines royal[1]. During the greater part of the seventeenth century coal mining proved unprofitable. In 1621 several proprietors of coal-haughs stated that they were £10,000 to £20,000 out of pocket. One mine was on fire and others had been drowned, owing to insufficient and defective pumping machinery[2].

Towards the end of the seventeenth century the progress of invention had made it possible by means of pumping engines to recover mines that had become derelict through flooding. In London there were several companies formed to exploit patents granted for apparatus of this character[3]. In 1693 an inventor, named Marmaduke Hudson, came to Scotland to form a company for a draining engine which he stated had already been tried in Cornwall and which had been found to raise more water from a coal-pit in an hour than any other engine could in a week[4]. Hudson had already obtained a patent in England which secured his

[1] *Vide supra,* II. pp. 406–11.
[2] MacIntosh, *History of Civilization in Scotland,* III. p. 292.
[3] *Vide supra,* II. pp. 479–82.
[4] *Acts of the Parliaments of Scotland,* IX., Appendix, p. 92.

rights in the invention in Scotland also, but he applied to the Scottish Parliament for confirmation, because "he well knew that this ancient and honourable kingdom has no dependence upon nor can anyways be regulate by the laws of England." He was granted the exclusive right for 19 years of using the engine he had invented, besides the privilege of a manufacture[1]. Whether the pumping plant was as effective in Scotland as it was said to have been in Cornwall does not appear.

In 1695 Nicholas Dupin, who had already formed the Scots Linen manufacture and White Paper companies[2], succeeded in raising a considerable joint-stock for mining purposes, and securing the services of trained miners. This company, which was entitled *the Company for working Mines and Minerals in the Kingdom of Scotland*, had obtained leases of mineral properties from several persons. The company petitioned Parliament for the privilege of a manufacture and also the right of "making pennies, half-pennies and boadles out of the copper of this nation, but without hindering any person who had already set up mines." The act appears to have been passed with the exception of the right of coining; and, in the conferring of the privilege of a manufacture, it is explicitly stated that any concession, made to the company by Parliament, is to be exclusive of a monopoly[3]. It is probable that this enterprize did not succeed, and its failure appears to be indicated when John Binning wrote in 1704 that "the English raised a fund to send strangers of late amongst us to discredit our mines[4]."

Though the iron and steel trades were in a very rude state in Scotland, one can find traces of improvements being attempted. For instance, in 1701 an act of Parliament was passed in favour of a co-partnery for the smelting of minerals[5].

Meanwhile new industries, connected with the manufacture of iron and steel, had been founded. In 1686 John Meikle received the usual privileges of a manufacture for the founding of bells and cannons[6]. He established a foundry, called the Founding House, at Castle Hill, Edinburgh. Unlike the great majority of those who obtained privileges from the State, he did not take others into partnership, and on his death the business was sold in 1705 by his widow[7].

In 1699 a number of English merchants had brought to Glasgow

[1] *Acts of the Parliaments of Scotland,* IX. p. 323.

[2] *Vide supra,* pp. 163, 182.

[3] Parliamentary Papers, 1695—Act in favour of the Company for working mines, &c.

[4] *A Letter to a Member of Parliament* [by John Binning], p. 2.

[5] *Acts of the Parliaments of Scotland,* x., Appendix, p. 99.

[6] *Ibid.,* VIII. p. 608.

[7] *Edinburgh Courant,* No. 16.

workmen from the South who were skilled "to work all hardware, such as pins, needles, scissors, scythes, tobacco-boxes, and English knives," and on petition to the Privy Council the privilege of a manufacture was granted. A similar grant was made in 1700 to another group of merchants at Glasgow for the same industry, whereby it was anticipated that employment would be provided for "many poor and young boys, who are, and have been, in these hard and dear times, a burden to the country[1]." In 1703 corresponding immunities were conferred on John Dunbabbine for making pins at Aberdeen.

[1] Act of the Privy Council in Chambers, *Domestic Annals of Scotland*, III. p. 127.

SECTION VIII. GLASS AND BOTTLE WORKS.

THE GLASS WORK AT THE CITADEL OF LEITH (1664).
THE GLASS MANUFACTURE, NORTH LEITH (1699).
WORKS AT MORISON'S HAVEN (1696).
GLASS MANUFACTURE AT WEMYSS (1698).
THE GLASS MANUFACTURE AT GLASGOW (1699).

SEVERAL early patents had been granted for glass works—one of which was established at Wemyss in Fife[1], but it was not till after the Restoration that the industry became permanent. Leith was the chief seat of the manufacture during the latter half of the seventeenth century. A patent was granted Charles Hay in 1661 with the monopoly of making certain kinds of glass[2]. On February 9th, 1664, the Privy Council, finding that Robert Pape, master of the glass works at the citadel of Leith, could make all sorts of glasses, and that there was so much importation of foreign bottles and glass that the work was in danger of being rendered useless and unprofitable, forbade the public to buy or use any other glasses or bottles but these[3]. By 1689 the same work could not only produce green bottles but also "chemistry and apothecary glasses, in greater quantity in four months than was ever vended in the kingdom in a year," and at as low a rate as goods of similar quality imported from Newcastle or London. The Privy Council, besides granting the privileges of a manufactory, repeated the act of 1664 prohibiting the importation of foreign bottles, provided that the Leith works should not charge more than 2*s.* 6*d.* per doz.[4]

About 1699 a company was formed which started works in North Leith[5]. In 1700 a representation was made to the Privy Council

[1] Chambers, *Domestic Annals of Scotland*, I. pp. 428, 506, 507.

[2] Collection of MSS. lettered "Scotland—Trade and Manufactures" (Advocates' Library).

[3] Acts of the Privy Council of Scotland, 1661–7, f. 343.

[4] *Ibid.*, Oct. 10, 1689; Chambers, *Domestic Annals of Scotland*, III. p. 23.

[5] *Leith and its Antiquities*, by J. C. Irons, II. p. 143; *History of Edinburgh*, by Hugo Arnot, p. 58.

stating that the proprietor of the glass works at Newcastle had sent two thousand six hundred dozen bottles to Montrose—a quantity, according to the Leith company, sufficient to over-stock the whole of Scotland[1]. The Council ordered the company to seize the consignment of English bottles, which was adjudged forfeit to the Crown. In 1706 the master of the works was advertizing freely. He declared that bottles and all sorts of glass were made "as good as ever was[2]." In 1710 "chopin bottles" were offered at 26*s.* Scots, and in addition "whoever pleases may have from the clerk a testificat, which will prevent the buyers being imposed upon by getting other bottles under the name of Leith bottles[3]."

The reference in the "testificat" is to the product of other works which had been founded in the last years of the seventeenth century. In 1696 William Morison of Prestongrange established works for making "all sorts of bottles such as vials, drinking, window, mirror, and warch [?] glasses" at his estate at Aitcheson's Haven or Morison's Haven[4]. The Privy Council granted the privileges of a manufacture to this undertaking on April 27th, 1697, and in the following year Morison petitioned Parliament for a monopoly[5]. The matter came before the Committee of Trade on August 4th, 1698. Although three years before it had been decided "to encourage" the glass-making industry[6], it soon became apparent there was a feeling against any exclusive grant. The matter was postponed from the morning meeting; and, at a special sederunt in the afternoon, the question was first debated as to whether Morison might not be encouraged by an exclusive grant "for some few years." This was decided in the affirmative, and the next point was the period of the monopoly. Opinions were divided as to whether it should be seven or nine years and finally the nine years' term was carried, under the condition that Morison should give security to produce sufficient glass to supply the country. The grant of an exclusive privilege was dealt with in a rather Hibernian manner, for at the close of the meeting a motion was brought forward that any other person should have the right to set up works after two years. It was proposed as an amendment that, in the terms of the original motion, this period should be nine years, and finally a term of exemption from competition of only two years was carried[7]. When the bill came to be

[1] Chambers, *Domestic Annals of Scotland,* III. p. 229. For the reasons of this export from England, *vide supra,* p. 112.

[2] *Edinburgh Courant,* No. 185.

[3] *Ibid.,* No. 697.

[4] Chambers, *Domestic Annals of Scotland,* III. p. 154.

[5] *Acts of the Parliaments of Scotland,* x. p. 180.

[6] Parliamentary Papers, *circa* 1695—List of Acts to be desired.

[7] *Ibid.,* 1698—Minutes of the Committee of Trade.

drafted, the grant of special privileges was expressed in the form that Morison should have a monopoly for nine years as against the proprietors of all works, which had not been set up within two years from the date of the act which was September 1st, 1698, and the prohibition of foreign glass, granted to the works at the citadel of Leith, was confirmed[1]. Though the only name mentioned in Morison's act is his own, it is not unlikely that he had others associated with him in the enterprize. Though mirror glass was made at Morison's Haven the polishing of it was carried on by a naturalized Frenchman, Paul Le Blanc, who had many disputes with the incorporation of Wrights of Edinburgh, who impeded him as far as they could[2]. In 1701 he was associated with others in a glass manufactory, and, on his application to Parliament for a remission of the duty on unpolished glass, a counter-petition was filed by Sarah Dalrymple who had a monopoly for importing mirrors[3].

The clause in Morison's act, which granted two years' grace before the commencement of the glass-making monopoly led to two other companies, for the same industry, being formed. On February 22nd, 1698, David, Lord Elcho, applied to the Privy Council on behalf of himself and partners for the statutory privileges in favour of a manufactory of glass, he proposed to establish at Wemyss, where glass had formerly been made, and in the following September this co-partnery received an act of Parliament similar to Morison's, but saving the rights of the latter[4].

It appears from a petition of James Montgomery, one of the partners in the South Sugar House[5], presented to Parliament on November 12th, 1700, that the Wemyss company had not at that time started works. He proposed to establish a company at Glasgow for making glass and soap, stating that it was "the policy and interest of all nations to improve industry, especially in societies, who design improvement of any part of the natural product of the country." He had found ferns—"a most useful material in glass-making"—were very plentiful near Glasgow, and in the West Highlands there were large quantities of wood-ashes which could be employed in making soap. Glass, made at Leith and Morison's Haven, could only be brought to Glasgow "at vast charges and great hazard," and besides the latter was too dear. Mont-

[1] *Acts of the Parliaments of Scotland*, x. p. 180.

[2] Chambers, *Domestic Annals of Scotland*, III. p. 154.

[3] Parliamentary Papers, 1701—Petition of Le Blanc, Edinburgh, Petition of Paul Le Blanc and Wm. Scot, Masters of the Glass Manufactory. This Wm. Scot appears to have been the same who in 1693 obtained privileges for a coach-factory.

[4] *Acts of the Parliaments of Scotland*, x. p. 179.

[5] *Vide supra*, p. 136.

gomery's partners had been engaged for the past ten months in erecting works at a large outlay. For these reasons he asks not only the statutory privilege of a manufacture, but also additional grants similar to those in favour of the works at Leith and Morison's Haven. Morison opposed this petition, and there is no record of any concession being made by Parliament[1]. In the following year the same petition was brought before the Privy Council, when the proposed company was permitted to make "glass and soap of all kinds, not secluded by the said Morison of Prestongrange and his act of Parliament[2]." In all probability this meagre "encouragement" was not sufficient to enable the Glasgow undertaking to hold its own against rivals who had not only established businesses but also enjoyed exemption from taxation. It is recorded that a new bottle house was erected in 1730, which was supposed to be the first, thus proving that the one built in 1699 must soon have been used for some other purpose than that for which it had been originally intended[3].

[1] *Acts of the Parliaments of Scotland,* x., Appendix, p. 49.
[2] Chambers, *Domestic Annals of Scotland,* III. p. 128.
[3] *Glasghu Facies,* p. 585.

SECTION IX. COMPANIES FORMED TO CARRY ON MISCELLANEOUS MANUFACTURES.

Gun-Powder Manufacture by James Gordon and partners (1690).
Gun-Powder and Alum Manufactures by Sir Alex. Hope and partners (1695).
Leather Works (Whitefield Heyter and partners) (1695).
Leith Combmakers (1695).
Leith Saw-Mills (1695).
Porcelain and Earthenware Works at Glasgow (1703).

In 1690 a London merchant, James Gordon, applied to Parliament for a privilege for himself and partners, to enable him to establish a gun-powder manufactory. As long as Gordon's powder was sold at a reasonable price, importation except by the Privy Council should be forbidden. The co-partnery was to have a seal, and all unsealed powder was subject to forfeiture. Besides the usual privileges of a manufacture, the society was to have the sole right of making powder in Scotland for the King's life and for [...] years after his death. The servants of this undertaking were to have entry into premises to search for and remove the "peterish earth" used in powder making[1]. There is no evidence as to whether this overture was passed by Parliament or not, but, in any case, in 1695, there were no powder works in Scotland. In that year Sir Alexander Hope and his co-partners asked for encouragement to establish both powder and alum works—the latter being attempted for the first time. By an act dated July 5th this co-partnery received the privilege of a manufacture with the amplification thereof granted to the Newmills and Linen companies, on condition that the works were completed within two years[2]. The works were duly established, and "a great stock of

[1] *Acts of the Parliaments of Scotland*, IX., Appendix, p. 42.
[2] *Ibid.*, IX. p. 420.

money" was invested in the two concerns. That applied to the production of alum was a complete loss, but the powder works proved a success[1]. About the year 1700 it was testified that "not only was good powder made at home but that good and serviceable guns" were also produced[2]. According to the proprietors, in 1702 "the making of powder had been brought to that perfection that no other nation doth exceed us[3]." They accordingly asked that the prohibition of foreign powder, granted them for nineteen years, should not be revoked.

In the seventeenth century leather was extensively used for house-decoration, especially in the form of stamped leather hangings. For a considerable period such hangings had been imported, but in 1681 the Privy Council granted an exclusive privilege of this manufacture for nineteen years to Alexander Brand, an Edinburgh merchant[4]. Before the expiration of this act, in 1695, Whitefield Heyter, a goldsmith of London, applied to Parliament for encouragement on behalf of a proposed company for leather manufacturing. The Skinners and other incorporated trades protested against the grant of privileges on the grounds that, Heyter and his partners being English, the success of the company would mean the sending from Scotland of money to pay dividends to the partners, also because there was no provision for this company teaching Scottish apprentices. Eventually Parliament confirmed a previous order of the Privy Council, granting the privilege of a manufacture, subject to the conditions that Heyter should accept Scotsmen both as partners and apprentices, and that he should not enter any Royal Burgh in the course of his trade without an invitation from the magistrates[5]. An anonymous writer in 1700 mentions leather-work as one of the industries which was then in a flourishing condition[6].

In 1695 an existing co-partnery, which made "all sorts of combs, ink-horns, and other works of horn, ivory, or torteshell" at Leith, received the privilege of a manufacture and of incorporation, on the condition that the members should not have a monopoly and that they should admit any who wished to join the society[7]. By 1700 the co-partnery consisted of at least seven persons, and trouble had arisen with one of the original partners, who had withdrawn from the company.

[1] Parliamentary Papers, 1702—Petition of the Owners of the Gun-powder and alum works.

[2] MS. Discourses anent the improvements may be made in Scotland, *ut supra*, f. 15.

[3] Parliamentary Papers, 1702—Petition of the Owners of the Gun-powder and alum works.

[4] Chambers, *Domestic Annals of Scotland*, II. p. 427.

[5] *Acts of the Parliaments of Scotland*, IX. p. 493.

[6] *A Letter to a Member of Parliament*, Edinburgh, 1700, p. 9.

[7] *Acts of the Parliaments of Scotland*, IX. p. 490.

The seceding member, named William Park, after selling his share had secured foreign workmen and was now endeavouring to obtain encouragement from Parliament for rival comb works. The original "incorporation," though a monopoly had been provided against in the act of 1695, now claimed that it alone should have the privilege of a manufacture. The members urged that they were all Scotsmen whom Park designed to make the servants of foreigners by taking trade away from them. "They were capable, yea more capable than Park and all his strangers to serve the kingdom[1]." This strongly-worded protest, though it was based on very slight grounds, appears to have sufficed to exclude Park from obtaining the privileges he asked.

In the same year, 1695, parliamentary privileges were granted to a saw-mill at Leith. The act was promoted by a William Scot, who was probably the same Edinburgh coach-builder that appeared in 1701 as the master of glass works[2]. A number of partners were joined in this undertaking, which, besides obtaining the privilege of a manufacture, had the additional grant that no other saw-mill should be erected in Leith or within a radius of fiftcen miles for a period of nineteen years[3].

Though Robert Douglas of Leith had obtained encouragement in 1695 to start soap, sugar, starch and earthenware works, he only succeeded in establishing the first-named undertaking[4]. At the beginning of the eighteenth century there were no china or pottery works in actual operation, for, though Douglas had built a kiln at considerable expense, he could not bring the undertaking to a producing stage, because "owing to the course of trade for the last five years he could get none to join in such a public and expensive work." While matters were in this condition, William Montgomery of Glasgow applied in 1703 for an act incorporating a proposed company, with the monopoly of making "lame purslain" for a period of years. Douglas petitioned against any such grant, on the ground of the expenditure he had already incurred on similar works, and, to let Parliament see that "he was not so much concerned for his own private interest as the public good," he was content to take Montgomery and his partner "into society with him" so that the works might be the more effectually carried on[5]. Finally, Montgomery was granted the encouragement he asked with a monopoly for fifteen years and the right to form a society[6].

[1] Parliamentary Papers, 1700—Leith Comb Makers.

[2] *Vide supra*, p. 191 (note). [3] *Acts of the Parliaments of Scotland*, IX. p. 491.

[4] *Ibid.*, IX. p. 491; Parliamentary Papers, *circa* 1695—List of Acts to be desired.

[5] Parliamentary Papers, 1703—The Petition of Robert Douglas, the elder and younger, soap-boilers of Leith.

[6] *Acts of the Parliaments of Scotland*, X. p. 111.

[illegible]

DIVISION X.

BANKING AND FINANCIAL COMPANIES

SECTION I. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND (INCORPORATED 1694).

AMONGST the many schemes of the years 1691 to 1695 there was one which was destined to render signal service to the State, and to become an important maker of the financial history of England. This was the Bank of England. But to appreciate fully the meaning of its earlier history and to recognize the dangers that beset it in its infancy, it is necessary to glance briefly at the state of credit in the country prior to the Revolution. On the break-up of the feudal system, it became inevitable that, once soldiers needed to be paid and war-material purchased, the charges of the government during a period of war should be largely in excess of its revenue in time of peace. The deficit was eventually raised by contributions paid by individuals, sometimes by taxes, sometimes in other ways, but it generally happened that there was an interval between the date when the money was required and that at which it could reach the Exchequer[1]. Not only were the revenues anticipated in time of war but, when the personal expenses of a sovereign such as Charles II. were large and variable, they were also anticipated in times of peace[2]. The ready money was provided in several ways. First of all the goldsmiths, the early private bankers, were in possession of cash or bullion which they lent—at a very high rate, sometimes as much as forty per cent. Then there were the early chartered companies, such as the Russia, the East India, the Merchant Adventurers, and Levant companies. All of these, when they had spare capital, and often when they could ill afford it, were forced to prove themselves "profitable to the State" by providing money at short notice in large amounts. Thus, besides being trading organizations, they were also, much against their will, financial institutions providing the government with loans for short periods. There were also minor expedients such as the farming of the taxes, the exaction of a lump sum for the renewal of charters, from both corporations and companies, and for grants of patents to individuals.

[1] Cf. *infra,* Division XV.

[2] *Vide supra,* Part I., Chapters XIV.–XVI.

The fact that trading bodies were forced to become temporarily financial institutions was a heavy handicap to the commerce of the country. Capital was violently withdrawn from trade, so that the working resources of many undertakings fluctuated seriously, altogether irrespective of the requirements of the businesses. This was an evil that made the process of recuperation after any war slower than it need otherwise have been. Therefore, one of the great wants of England during the seventeenth century was the specialization of financing the government by an independent institution that did not engage in trade. It follows that an English bank was required that would be primarily the agent of the government in providing capital as required. Arising out of such functions would be the lending of money to merchants; and, by the mitigation of the irregularity of government borrowings, great scarcity or a glut of trading capital would be avoided, and interest would fluctuate less violently. The writers of the seventeenth century quote the excessively high rate of interest (caused in a large measure by sudden diversions of capital from trade), but it is to be remembered that such movements must have had a reflex action, though in a less degree, and if interest was sometimes unnecessarily high, it was at other periods unduly low. For instance, some years prior to 1681, the East India company could borrow more money than was required at three per cent.—a lower rate than any modern shipping company can borrow on debentures[1].

Then foreign trade was greatly impeded by the high and irregular rate of foreign exchange. This was attributable in part to the bad condition of the coinage, and it was to remedy such a state of affairs that the celebrated Bank of Amsterdam had been founded in 1609. This institution credited its correspondents with the specie-value of any coin lodged with it, so that a merchant knew exactly how much was to his credit at Amsterdam to answer any liabilities falling due there. Whereas, if he had had to remit coin for each transaction, it would always have been a matter of considerable uncertainty how many of a certain denomination of English coins would be required to pay his debt, since such coins, through clipping, varied materially in weight.

In view of such facts, it had long been proposed in England that a bank should be founded to give merchants advantages similar to those enjoyed by their competitors in foreign countries. As early as 1646 an elaborate scheme was published by John Benbrigge. He suggested the foundation of two distinct kinds of bank—the one called *mons pietatis*, the other *mons negotiationis*. The latter was to be "a

[1] *A Collection of Letters for the Improvement of Husbandry and Trade,* by John Houghton, 1681, I. p. 149.

bank of trade, *i.e.* such a sum of money as should always be ready and able, on good security, to lend on usury to such, as in their trading, shall have occasion to borrow." Two methods are indicated by which the proposed bank could secure capital. The one, which is styled *mons recuperationis*, where the subscriber accepts for his capital an annuity of a fixed amount, terminable at his death. The other system is an outline of the principle of joint-stock banking, which is called *mons fidei*, except in so far as it appears that a fixed dividend of seven per cent. was contemplated, a proposal which shows that the fluctuating nature of banking profits was not understood[1]—unless indeed it was contemplated that the proposed bank should have a monopoly, and that the existence of a moderate maximum dividend would operate for the protection of borrowers, in tending to keep the rate of interest low, just as the "maximum dividend" of the early gas acts of the nineteenth century was at first supposed to afford adequate protection to consumers. Other attempts to repair the losses of the Civil Wars, by the extension of credit, may be found in the proposals for a bank of exchange in 1650[2] and of Samuel Lambe in 1658[3]. Again in 1661 Sir Gilbert D'Ouvilly proposed the foundation of a bank of exchange, which was to have a large stock, "with a coinage of his own called bank-money." It is significant of the temper of the time that the scheme provided that the government should be "*fitting*," "so as to remove all jealousy of its falling into the hands of those who hold the militia[4]." Another proposal of the same date supplements the former by outlining the formation of banks for making loans.

The stop of the Exchequer in 1672 by Charles II., with the consequent embarrassment of some ten thousand families[5], again directed attention to the question of a proposed joint-stock bank. Though there were many private bankers of very high repute, several of these businesses at the time were carried on in a highly speculative manner. The conduct of one such undertaking—that founded by Richard Thompson in 1670—will illustrate the dangers to which depositors were subjected. Thompson soon took several other persons into partnership with him, and the firm became known as Thompson and company. He

[1] *Usura Accommodata; or a Ready way to rectify Usury...*, by J. Benbrigge: reprinted in *The Writings of William Paterson*, edited by S. Bannister, London, 1858, II. pp. 311–17.

[2] State Papers, Domestic, Inter., IX. 64; *Calendar*, 1650, p. 182.

[3] *Seasonable Observations humbly offered to his Highness the Lord Protector*, by Samuel Lambe of London, Merchant—*Certain Proposals for establishing a Bank at London*, by Samuel Lambe in Somers' *Tracts* (1751), X. pp. 164, 180.

[4] State Papers, Domestic, Charles II., XL. 131; *Calendar*, 1661–2, p. 78.

[5] Defoe makes the number of distressed families 20,000—*The Consolidator: or Memoirs of Sundry Transactions from the World in the Moon*, 1705, p. 75.

with his partners formed "a society amongst themselves," and in the short space of five and a half years, they managed to embark in ventures in the wine, silk and Russia trades, besides taking interests in interloping expeditions to India, in mines, in Irish manufactures and in dealings in exchange[1]. It is scarcely necessary to add that, when a run came in 1675, the "bank" could not stand it, and was forced to suspend payment.

There is something of poetic justice in the fact that, although Charles II. evaded his obligations towards his creditors in 1672, when he found it necessary to seek financial assistance at a later date, he had to pay for the discredit he had caused by offering as much as thirty per cent. interest. Not only so, but, owing partly to the high price of advances, partly to the extravagance of the Court, anticipations of the revenue became common, so that a great part of the revenue of the Crown at length came to pass through the hands of the bankers[2]. Again, the trading capital of the country was depleted, and on this occasion the merchants determined to help themselves by founding a "National Bank of Credit." The scheme was proposed in 1676[3], with the object of lending money to merchants on the security of their goods: whereby it was believed that tradesmen "in raising a credit on their dead stock, could employ their servants and increase their trade instead of selling at a loss[4]." In 1681 and 1682 this bank, which was then in operation, charged six per cent. interest for loans, which sum was inclusive of warehousing charges[5]. By 1683, if Anderson's date may be relied upon, the bank, "though it had made a mighty stir for a time, came to nothing[6]." The failure of this scheme, added to the suspension of private bankers from time to time, made the problem of the improvement of credit all the more urgent, since it was calculated that, up to 1694, the depositors of the goldsmiths and scriveners had suffered to the extent of between two and three millions[7].

Although "the Office of Credit" proved ineffective, its existence

[1] *The Case of Richard Thompson and Company, London,* 1678 (Brit. Mus. 1417. h. 42), pp. 3–6.

[2] *Bank Credit; or the usefulness and security of the Bank of Credit examined in a Dialogue between a Country Gentleman and a London Merchant,* 1678.

[3] *Proposals for the Advancement of Trade upon such Principles as must necessarily enforce it,* by R. Murray, 1676.

[4] *Bank Credit, ut supra*; "England's Interest, or the Great Benefit to Trade of Banks or Offices of Credit in London"—State Papers, Domestic, Charles II., CCCCXXXVIII. 31.

[5] *A Collection of Letters,* by John Houghton, *ut supra,* I. p. 140.

[6] *Annals of Commerce,* III. p. 92.

[7] *A Short Account of the Bank of England,* by Michael Godfrey, Somers' *Tracts* (1748), II. p. 589.

showed that the demand for an important bank was growing[1]. Every argument that could be urged in favour of the project before the Revolution held with increased force afterwards. The new government literally did not know where to turn for money during the first years of the reign of William III. Members of the ministry were forced to make frequent pilgrimages into the City to borrow, as they could and at almost any price. A contemporary writer gives the following description of the state of the credit of the government—"The funds were run down, the credit jobbed away in Change Alley, the King and his troops devoured by mechanics and sold by usury, tallies lay bundled up like Bath faggots in the hands of brokers and stock-jobbers. The Parliament gave taxes, levied loans, but the loans were at the mercy of those men (the jobbers)—and they showed their mercy indeed by devouring the King and the army, the Parliament and indeed the whole nation—bringing their great Prince sometimes to that exigence, through inexpressible extortions that were put upon him,...that the regiments have been uncloathed when the King has been in the field, and the willing brave English spirits, eager to honour their country and follow such a King, have marched even to battle without either stockings or shoes, while his servants have been working every day in Exchange Alley to get his men money of the stock-jobbers, even after all the horrible demands of discount have been allowed and at last scarce 50 per cent. of the money granted by Parliament has come into the hands of the Exchequer and that late, too late for service and by driblets[2]." Omitting the exaggeration of this picture, it must be admitted that it contains a foundation of fact. It has already been shown how great had often been the straits of previous sovereigns in war-time for funds[3], and the position of William III. after the Revolution was much more unfavourable. The change of government had involved a shock to credit, and besides the great joint-stock companies were unable to lend money. Thus the security was worse, and the usual sources of loans were closed: so that it was probably true that in 1692 money could only be raised "by driblets." Parliament was therefore forced to offer sufficient inducements to tempt the owners of capital to subscribe

[1] "Public Banks are of so great a concern in trade that the merchants of London, for want of such a bank, have been forced to carry their cash to goldsmiths and have raised such a credit upon goldsmiths' notes, that they pass in payments from one to another like notes upon the bank; and, although by this way of credit there have been very vast sums of money lost not less than two millions within five-and-twenty years, yet the dispatch of trade is so great by such notes that the credit is still in some measure kept up"—*A Discourse of Trade*, by N. Barbon (ed. J. H. Hollander, 1905), p. 19.

[2] Quoted by Francis, *History of the Bank of England*, I. p. 59.

[3] *Vide supra*, Part I., Chapters II., V.

funds in considerable sums. Evidently it would be necessary to give any body of persons providing capital, in circumstances of such risk, not only a high rate of interest but also some other substantial privilege. Now the rights of a corporation were greatly esteemed; and, from the point of view of the government, the granting of a charter of incorporation would have the advantage of securing the subscription of a large amount of capital at one time. Ideas such as these became diffused amongst the "Committee appointed to consider means for raising funds to carry on the war" which reported on January 18th, 1692. Offers of any large sum, as a loan, were made subject to the right of the subscribers to circulate paper money. The two most important proposals emanated from William Paterson on the one hand and Hugh Chamberlain on the other. Paterson and his supporters had proposed to raise £1,200,000, of which £1,000,000 was to be lent to the government at six per cent. with £5,000 a year for management, and the remaining £200,000 was to constitute the capital of a proposed bank, "the bills of which should be current." The last clause suggests that the syndicate aimed at a banking monopoly; and, in any case, the Committee interpreted the proposal in this sense and referred the proposition back to the promoters of it, remarking that it could not entertain any proposition that involved the forcing of bills on persons without their consent. Paterson thought the scheme could be modified accordingly, but his supporters were not, at first, willing to do so[1]. Chamberlain's scheme proposed the issue of an inconvertible paper currency, based on landed-security. Though a committee of the House of Commons reported in favour of this project in 1693, the whole assembly rejected it in that year. Judging from the methods of the Land bank, Chamberlain could only have made his loan to the State in his own bills, and the question of depreciation had to be considered[2]. In addition to the merits of the case, there was the influence of the existing political situation. The idea of a land bank would appeal to the landed-interest or the Tories, while on the contrary Paterson's scheme, being addressed to the "monied-men," would claim the support of the Whigs. As often happens, it was in all probability neither the abstract merits of the respective schemes on which they were judged, nor yet on party lines, but on a mixture of both. Towards the end of 1693, the need of money became more pressing; and, though offers had been made, no funds had actually been secured. Paterson again came forward with a revised proposal, which provided for a loan of £1,200,000 to the State at eight per cent., and for the incorporation of the subscribers as a bank. The need for money being great, this offer was accepted, and

[1] *Journals of the House of Commons*, x. p. 621.

[2] *Ibid.*, x. pp. 22–80.

in 1694 a series of clauses were inserted in the "Ways and Means Bill" of that year, which authorized the founding of the Bank of England[1].

Thus the Bank, unlike the East India and Royal African companies, came into existence with parliamentary sanction. The act of 1694 provided that persons, who would subscribe £1,200,000, at eight per cent. with an additional £4,000 a year for the management of the fund, should, on the completion of one-half of the subscription, be entitled to receive a charter from the Crown, incorporating them as *the Governor and Company of the Bank of England.* To prevent the possibility of the "engrossing of the stock," it was enacted that no person should subscribe more than £10,000, nor could he hold more than £20,000 stock. The Bank, when established, was precluded from owing more than the amount of its capital, on a penalty of the individual stockholders being liable for thrice the excess so lent, nor could it trade in any goods, wares or merchandize. It was authorized however to deal in bullion and bills, to issue notes and to lend money on the security of merchandize.

The subscription lists were opened on June 21st, 1694. Liberal discounts were allowed for early subscribers, and on the first day £300,000 of stock had been applied for. Within the following two days more than this amount had been taken up, so that by June 23rd the subscribers had fulfilled the condition entitling them to a charter. By July 2nd the whole authorized capital had been issued, and on July 24th the charter was signed.

The charter provided for the internal management of the affairs of the Bank. Hitherto the officials, who were subordinate to the governor, were described as "assistants" or "committees." Now, probably under the influence of Paterson, they are named "directors[2]." The members of the company were authorized to elect a governor, a deputy-governor and twenty-four directors, of whom thirteen constituted a quorum, of which the governor or deputy-governor must be one. The qualification of the governor was the holding of at least £4,000 stock, that of the deputy-governor at least £3,000, and of a director at least £2,000. There had been considerable discussion as to voting rights in the East India

[1] Will. and Mary, cap. 20.

[2] The same title was used in the following year by the Darien company, which was also promoted by Paterson, *vide supra,* II. p. 208. The term "director" in this signification came into use in the first quarter of the seventeenth century. Thus the officials of the Russia company, described as assistants in the charter, were sometimes spoken of as directors. Again the Joint-stock of the Virginia company (which was proposed for importing tobacco) was to be under the control of a director, *vide supra,* II. pp. 50, 277.

company[1], and those, who maintained that a few large stockholders influenced the whole policy of that company, had obtained so much support that it was arranged that no one should have more than one vote whatever stock he owned, and the minimum holding for a vote was £500. It was also provided that dividends could only be made from the income received from the State and from profits. As in the act, the company was determinable on one year's notice after August 1st, 1705, on the repayment of the loan of £1,200,000 with all arrears of interest, if any[2].

The history of the Bank of England from 1694 till the end of 1697 is of very great interest. It has been told with great detail by Thorold Rogers, so that it will only be necessary to summarize the leading events with the addition of certain transactions, which are requisite for a right understanding of an exciting three years of financial history[3].

Although £1,200,000 was "subscribed," this amount was not paid up in full till some years later. Each subscriber deposited 25 per cent. of the amount, he applied for, during the time the books were open. A second 25 per cent. was paid up on or before September 27th, and 10 per cent. on or before November 27th. No additional calls were made for some time, so that the stock remained with 60 per cent. paid up. Therefore, although £1,200,000 stock was allotted, the instalments called by the company brought in only £720,000. This left a deficiency of exactly half a million to be provided, to complete the loan for the government. Payments had been made by the Bank to the Exchequer of £300,000 about August 3rd, and a second £300,000 about September 27th—thus transferring the calls of the stockholders as they were received. Meanwhile banking was being prosecuted vigorously, and in December the remainder of the loan was paid—part being provided by the call of 10 per cent. in November and the remainder out of the banking funds[4]. The effect of this operation was that the

[1] *Vide supra,* II. pp. 153–8.

[2] *The Charter of the Bank of England,* printed in *The History of Banking,* by W. J. Lawson, London, 1850, pp. 448–64.

[3] *The First Nine Years of the Bank of England,* by James E. Thorold Rogers, Oxford, 1887. "The Statement showing the Capital of the Bank of England from 1694 to 1897 prepared by Mr J. F. Stutchbury under the authority of the Governor," and printed in *The History of the Earlier Years of the Funded Debt from* 1694 *to* 1787, London, 1898 (Blue Books [c. 9010]) is an admirable piece of work. I am also indebted to Mr Stutchbury for his extracting for me from the records of the Bank the dividends paid till 1720. This list (*vide* Summary of Prices of Stock and Dividends, p. 243) corrects that of Francis printed in *History of the Bank of England,* II. p. 267.

[4] *Earlier Years of the Funded Debt,* p. 67.

stockholders had found £720,000, and they were receiving interest on £1,200,000 at 8 per cent., so that the payment made by the government would have provided a dividend of $13\frac{1}{3}$ per cent., subject to the cost of obtaining the half-million, not raised from share-capital.

It would be idle to criticize this method of finance by modern standards. Capital was scarce, and what had escaped the demands of the government had gone to float the many industrial ventures that were prevalent at the time. Probably it would have been difficult, it might even have been impossible, to have obtained payment in full from the stockholders, and some such inference is suggested by the call of November being one of 10 per cent. instead of 25 per cent. as before. Even the knowledge that this small payment was impending was sufficient to depress the price of the stock. In fact the course of quotations during the year 1694 is most instructive. Houghton first mentions Bank stock on August 17th. On August 15th and also on the 22nd the price quoted was 102. The next week it was 101. Then for three weeks 100, for a fortnight 101, and for three weeks again 103. These figures may be interpreted as "from par to 3 premium," since on October 30th the quotation of 57 is given "on the money paid in," *i.e.* a premium of £7 on the £50 then called up. The price fluctuated between 57 and 61 for a month, and the apparent rise to 70 on November 28th is attributable to the inclusion of the 10 per cent. call in the price. It soon became known that further calls were not to be anticipated, and the price rose during December from 70 to 76. In the year 1695, the first quotation was 74; and, by the end of January, 90 had been reached. In view of the announcement of a dividend of 6 per cent., paid on March 25th, the price was 99 on March 20th. The apparent fall the following week is really due to the stock being "*ex* dividend," and it was not till June 26th that 99 is again quoted. Between August and the end of September, fluctuations were very small, only from 94 to 98, and in October the deduction of the second dividend of 4 per cent. (making 10 per cent. for the year) left the price nearly constant. In December there was an abrupt rise from 94 to 100. This continued in the first weeks of January 1696 until 108 was quoted on the 8th, after which there was a rapid decline to 83 on February 12th, on the "passing of the dividend" and other unfavourable circumstances. After a temporary revival, the fall continued, and the price was 82 on March 18th. It kept fairly steady, in spite of the run of May 6th, but afterwards it gave way rapidly, till by the middle of October 60 was quoted. This was the lowest point of the year, and it was followed by an improvement, which however was only temporary.

The causes which brought about a fall in the price of Bank stock from 108 to 60, and that precluded the payment of a dividend in 1696 are worth studying, if only as showing the peculiar dangers to which the institution was subjected in the first years of its existence. The Bank of England had come into being as a result of a period of industrial activity, and it had to pay the penalty of its origin. Immediately its success seemed to be probable, new bank schemes were brought forward. In 1695 a money bank was proposed, a bank "of paper-notes of credit," a London bank, promoted by the City magistrates, which a contemporary writer described as "bound to miscarry, because the conduct of the Chamber was so bad that the City was without credit[1]." Besides these proposed banks there were two actually founded, one the Orphans' bank, connected with the Orphans' Fund[2], which was said in 1695 "not to have the shadow or substance of real good" and the other the Million bank[3]. A more dangerous rival than either of the latter was the Land bank. This scheme had been considered as an alternative to the foundation of the Bank of England, and had not been accepted in 1694[4]. But in 1696 it appeared to Parliament, or perhaps rather to the ministry, that the Bank of England had raised what money it could, and that other sources of loans must be sought. Besides, the Bank of England was a Whig institution, and the Tories still hankered after a land bank. Therefore, when early in February the House of Commons had voted in favour of establishing a land bank[5], there followed the serious fall in Bank stock already noticed. This however was only the beginning of the misfortunes of the Bank of England. The government, after making it the agent for effecting the calling in of the old coinage and the issuing of the new, treated the court with a remarkable want of consideration. The clipped money had been called in by May 4th, 1696, but the Bank had not received the new coins in sufficient quantities from the mint. On May 6th a run was made on the Bank; and, owing in a large measure to the neglect of the government, it was forced to suspend payment of its notes in cash. Arrangements were made to pay a part of any notes presented in cash and the remainder as soon as coin could be obtained from the mint. Thus the notes ceased to be convertible; and, although the Bank undertook to pay interest, they soon were at a discount, sometimes of as much as 20 per cent. To meet these adverse circumstances, it was proposed in May to call up 20 per cent. on the capital, but this scheme was merged in another by which the proprietors advanced the money to the Bank as a loan.

[1] *Angliæ Tutamen*, pp. 11–15.

[2] *Vide supra*, pp. 12, 54.

[3] *Vide infra*, Section 4 of this Division.

[4] *Vide supra*, p. 204.

[5] *Vide infra*, Section 2 of this Division.

When the crisis had been occasioned in part by the remissness of the government, it is somewhat curious to find the Bank being approached on August 15th, 1696, to lend £200,000 to the King "in the present exigency." At the same time the governor and proprietors were informed "that they were now assured of all the encouragement and support the government could give them, and that, as a mark of it, divers great men had given orders for the buying of Bank stock and that some have already bought[1]." In spite of this support to the market in the company's stock, the price continued to fall. It had been 70 in the middle of August and, under rumours of a call, it fell to 60 in October. This call was fixed at 20 per cent. and was payable on or before November 26th. Therefore the prices, quoted in the end of that month, are for the stock with £80 called up, that recorded on November 18th, 80, being exactly par. During the remainder of the year the quotation declined, the last price, on December 22nd, 73, being considerably below par.

During the end of the year 1696 and the first half of 1697, the credit of the government was very low. The pressure of the war began to be felt, and money became scarcer and scarcer. "The ministry," Davenant writes, "was like a distressed debtor, who was daily squeezed to death by the exorbitant greediness of the lender. The citizens began to decline trade and to turn usurers[2]." In these circumstances an appeal was again made to the Bank, which in December 1696 was asked to lend the government two and a half millions. To have endeavoured to comply with this demand would have meant the most serious consequences for the Bank. Its notes were at a discount of 16¼ per cent. to 17 per cent., and the call of 20 per cent., made in October, had only been paid in part. The stock was quoted below par; and, although on December 4th, 1696, an account was presented to the House of Commons, showing a surplus of assets over liabilities of £125,315. 2*s.* 11*d.*, the cash in hand was no more than £35,664. 1*s.* 10*d.* It will therefore be evident that the most the Bank could do would be to maintain its credit; and, if possible, to assist the government in any way that did not involve a subscription or a loan in cash. By January 1697 a way appeared by which this might be done. One of the great difficulties of those controlling the national finance was the depreciation of the government tallies, which were sold at this time at about 40 per cent. discount[3]. Now, although the government was unable to extinguish

[1] State Papers, Domestic, Will. III., 1694 to 1696, No. 231.

[2] *An Essay upon Loans,* 1710, in Somers' *Tracts* (1748), II. p. 13.

[3] *The Consolidator: or Memoirs of Sundry Transactions from the World of the Moon,* 1705, p. 40; *A short History of the Last Parliament,* by — Drake, M.D., 1699, in Somers' *Tracts* (1750), VIII. p. 180; *An Essay upon Loans,* 1710, *Ibid.,* II. p. 13.

the tallies, it was in a position to pay interest to anyone who could hold these tallies; and, if they were taken off the market, the credit of the State would be improved. On the other hand, the Bank could not find the capital to discharge the tallies, but its credit remained sufficiently good to deal with them by another method. It was proposed, in January 1697, that the capital of the Bank should be temporarily increased, and that payment for the amount subscribed might be made, as to four-fifths, in tallies and, as to one-fifth, in bank-notes. But there still remained one difficulty to be surmounted. The existing stock had only eighty per cent. called up, and there were surplus assets in hand. It would have been highly inequitable that new subscribers should be allowed to come in and pay their subscriptions in a depreciated security, while sharing in the reserved profits. It was therefore provided, by the Act 8 and 9 Will. III. cap. 20, that on or before June 24th, 1697, the surplus should be dealt with as follows. First, the holding of each of the proprietors should be credited as fully paid up, and then any amount, still remaining, was to be divided to them. This system, while almost unavoidable in circumstances of peculiar danger, was a result of an utterly vicious principle of finance, which was prevalent during the reign of William III. It was supposed that the normal type of joint-stock company was one which resembled the early form of the capital of the East India company, which was to be periodically wound up to be followed by a new subscription[1]. This idea arose from the financing of trading voyages and was justifiable as long as such undertakings were monopolies, and there was no free market in the stock. But after the Revolution anyone, who wished to purchase an interest in the larger companies, could have his order readily executed, so that there no longer remained any reason for the winding up of a stock. Further the disadvantages were great. This method precluded the formation of a strong reserve fund, which was necessary, when trading of all kinds was subject to great risks. So that, possibly with the best intentions, the government, by sanctioning this policy in the cases of the East India company and the Bank of England, was making commerce more speculative than it need have been and was adding to its own difficulties.

These facts enable one to interpret the quotations of Bank stock during the first seven months of 1697. Persons, who were in default in paying the call of 20 per cent., had to sell some stock, and there were no buyers at the prices which had been quoted in December. A little consideration will show the reason of the fall. The existing stock, which was then £80 paid, varied between 80 on November 18th, 1696,

[1] *Vide supra*, II. p. 97.

and 73 in the last fortnight in December. Now the surplus assets might make good the 20 per cent. still outstanding; but, on the other hand, a call might have to be met. Once the terms of the issue of new capital were made known, it became evident, taking tallies at 40 per cent. discount and bank-notes at 17 per cent. discount, that about £65 in cash would purchase tallies and notes enough to pay for £100 of the new fully paid stock[1]. So that in fact, since Bank stock was at par in November 1696, the price had to be readjusted to allow for the discount on tallies. In other words, that discount was transferred from the tallies to Bank stock. Indeed, in view of a possible additional call, it even went further, and the old £80 paid stock fell to 55 for cash on January 20th; and, in the first fortnight in February, it touched 51 for cash and 62½ for payments in bank-notes—this being the lowest price of the year. Afterwards, there was a slight rise, which reached 61 on June 2nd, followed by a fall to 60½ in the following week—both prices being for cash. Houghton continues this quotation until September 3rd, and it is probable that the books were closed, pending the calculation of what was due to the old proprietors. The result turned out to be very favourable, allowing the payment from reserve of the 20 per cent., required to make their stock fully paid, and in addition a distribution of £3. 10*s.* per cent., both of which had been paid by July 24th, 1697. The effect of this readjustment does not appear in the price of the stock till September, when the conclusion of peace gave an impetus to the market. On September 8th the quotation was 82, and the following week it had risen to 98, so that practically the whole of the discount on the tallies and bank-notes, taken in payment for the new capital, had now been recovered.

In concluding this early stage in the career of the Bank, it will not be unprofitable to touch briefly on its policy and the position of the stockholder. The author of *Angliæ Tutamen*[2], writing in 1695, condemns the enormous dividends paid by the Bank, but during the three years prior to the re-arrangement of its capital, it had only paid 10 per cent. in 1695 and, as ordered by act of Parliament, 23½ per cent.[3] on June 24th, 1697. The position of an original stockholder, who had subscribed for £100, might be described as follows. He had paid £80 for the stock,

[1] Payment might be made as to four-fifths in tallies and one-fifth in bank-notes. Tallies were at a discount of 40 per cent., bank-notes at a discount of 16¼ per cent. to 17 per cent. Therefore of the payment for £100 stock, £80 was subject to a discount of 40 per cent. and £20 to a discount of 16¼ per cent. to 17 per cent. So £48 cash would purchase £80 tallies and about £17 cash £20 in bank-notes. Thus about £65 cash would secure the specified proportions of tallies and notes.

[2] p. 7.

[3] This is the dividend for 1697 up to the re-arrangement of the capital. Later in the year 4 per cent. was paid making a total of 27½ per cent.

credited him as fully paid by the bonus of 1697. Taking the highest price after the declaration of peace, namely 98 on September 15th, he would have a profit of 18. To this are to be added the remaining dividends, namely 10 per cent. on £60 paid up (*i.e.* £6) and $3\frac{1}{2}$ per cent., making £9. 10*s*. Adding together the possible profit and the dividends, a total gain of £27. 10*s*. on £80 is obtained, or an average annual increase of over £9, representing about $11\frac{1}{2}$ per cent. annually. Making a similar estimate with the lowest subsequent price in 1697, namely $86\frac{3}{4}$ on November 24th, the increase in capital value would have been only $6\frac{3}{4}$, which, with the addition of the dividends paid in cash as before, would give a total appreciation over the three years of $16\frac{1}{4}$ or a little over £5 annually on the original £80, or an average annual increase of not quite 7 per cent. So that, taking account of the market price in the last four months of 1697, the position of a stockholder was that he might have retired from the company with a nett average annual appreciation on his investment of between $11\frac{1}{2}$ and 7 per cent. It will thus appear that the Bank had so far been ill-rewarded for the services it had rendered to the government; since, although the dividends declared amounted to $33\frac{1}{2}$ per cent. for the three years, 20 per cent. of this was paid in stock, and the forcing the Bank to receive depreciated tallies, by reducing the price of the stock, reduced also the amount of this 20 per cent. bonus in stock.

From the point of view of the general policy of the Bank as a whole, this period of three years was one in which unexampled difficulties had been successfully overcome. It is true the Bank, whether through want of experience or compelled by necessity, had made one serious mistake, namely the contracting of the calls paid up on its stock, and making good half a million of the loan to the government out of funds employed in banking. This meant that at the least 40 per cent. of the deposits and other loans was locked up and could not be made available —unless by a call on the proprietors as had to be done in 1696. What made this device so serious was that it was the same policy which was later adopted by the South Sea company with most disastrous results in 1720, namely the issue of much less of the company's securities than the amount of the government debt due to it. Closely connected with this system of finance was the over-issue of notes, which showed itself by the discount that was charged during the time of the suspension.

Apart from these errors, which after all were probably incident to the state of credit and knowledge at the time, the success of the Bank was remarkable. It had to support an embarrassed and ungrateful government, and to find money for it, after it appeared that capital could scarcely be obtained on any terms. The Bank succeeded, not only

in financing a tedious war, but in lowering the rate of interest at home and the exchange abroad. The main causes that made for its success were the impetus given to trade and manufactures by the change of government, the uprightness of the dealings of the company, and lastly the thoroughly democratic organization of its internal affairs, under which the proprietors were taken into the confidence of the court and consulted as often as any fresh phase of one of the numerous crises, through which the Bank passed, arose. The consequence was that the stockholders were loyal to the directors and the company. This meant that they strengthened the hands of the management, and such a state of affairs tended, in a large measure, to maintain the credit of the institution.

The ten years from July 1697 to July 1708 constitute a new epoch in the history of the Bank, of which the most important characteristics are the political situation and, partly as arising out of it, the change that had been made in the capital. The Bank had been founded during a time of war abroad and of keen competition in banking at home. It was now to experience the benefits of peace and the mitigation of rivalry. The less stable banking ventures had proved failures, the Land bank had come to no good result, the Million bank had already, or was soon, to retire from banking, and the competition of the Mine Adventurers[1] and the Sword Blade companies[2] had not begun. It was part of the prudent policy of the Bank to utilize these favourable circumstances to strengthen its position by extinguishing gradually the new capital created in 1697. Such a contingency had been provided for in the Act 8 and 9 Will. III. cap. 20, which distinguished between the original capital and the new stock, which was then created. The latter was known as "the Engrafted Stock" and it was provided that the Bank might pay off instalments of this capital, as it received money for the tallies, which had been handed to it in payment by the subscribers. The government guaranteed 8 per cent. interest on the tallies outstanding, so that the Bank was receiving 8 per cent. on the loans made to the State, against which it had issued its own stock. This act also provided that no other corporation, numbering more than six persons, might set up banking in England. The company could not be determined before August 1st, 1710. The stock of the Bank was made personal estate and was exempt from taxes. No contract for the sale or purchase of stock was valid, unless registered within seven days in the books of the Bank. As showing the tendency to provide against the management remaining too long in the same hands, it was enacted that not more than two-thirds of the directors, retiring in any one year, might be elected in the next or succeeding year.

[1] *Vide supra,* II. pp. 451–3.

[2] *Vide infra,* Division XII., Section 3B and C.

According to this act, subscriptions for the new capital were to be received up to June the 24th, 1697, and in all £1,001,171. 10*s.* was subscribed. This, added to the original capital, made a total of £2,201,171. 10*s.* Of this the engrafted stock was subject to repayment by the company, the original capital of £1,200,000 could only be repaid by the State.

It has already been shown that, from the middle of September 1697 till the end of the year, the price of the stock (now fully paid) fluctuated between 98 and 86¾. The first dividend, on the increased capital, was paid on December 25th. It amounted to 4 per cent., representing half a year's payment of the interest received from the government. The price of the stock on December 22nd was 89, and the quotations, in the first fortnight of the following January, 86¾ and 86 are accounted for by the stock being *ex* dividend. The revelations, as to the forgeries of Exchequer Bills early in 1698, kept the price low, and there was the uncertainty concerning the future of the East India trade. So, in the first quarter of the year, the extreme fluctuations were between 86 and 89¼, the most frequent prices being from 86¼ to 86½. Evidently the news of the foundation of the New East India company was favourably received in the stock market, for from the end of April, Bank stock was over 90. With the exception of two occasions, the one on May 4th when the price was 95, and the other on July 6th when it was 94, quotations from the end of April to July 13th remained between 91 and 92¼. By the middle of July, it became known that a fairly favourable dividend might be expected in September and that a commencement would be made in paying off the engrafted stock, and the price rose to 94½ on July 20th, to 96¾ on August 10th and finally to 97¼ on August 24th. It remained at the latter point till September 7th, after which date the dividend was deducted. It may perhaps be noted that this quotation only differed fractionally from that recorded a year before. The dividend, paid in 1698, was a cautious one, and is chiefly remarkable as inaugurating the beginning of the return of their capital to those who had subscribed for the engrafted stock. It is true that the amount paid off was very small, only 16*s.* 9½*d.* per cent., but it marked the commencement of a process that was steadily continued. The dividend proper, *i.e.* that made from profits, was £6. 3*s.* 2½*d.* per cent., and the two payments together made a total distribution of 7 per cent. to those who owned proportionate amounts of the original and engrafted stocks.

As already noticed, the stock market in the seventeenth century had scarcely arrived at the stage of "discounting the dividend," and so, immediately the payment was made, the price suffered proportionately. Thus, on September 7th, Bank stock *cum* dividend of £7 was at 97¼, and on September 21st it was 96½. When quoted *ex* dividend in the

following week, the price was 90. Throughout the remainder of the year the price advanced without a single reaction, until 103 was reached at the end of December, making a gain of 17 during the year, but of this 13 had been marked in the last four months.

The whole of the year 1699 and the greater part of 1700 were very prosperous. The harvests were good, trade was flourishing, and, for the times, politics were not unsettled. These favourable circumstances were reflected in the price of Bank stock. It was first quoted in 1699 at 103, but during the rest of the month of January there was a slight relapse; owing, as Luttrell says, to several persons having closed their accounts with the Bank[1]. It is probably to this cause that the fall to 101¾ on the 25th is to be attributed, that being the lowest price of the year. This relapse was only temporary, and by the end of February the quotation was steady at 104. The declaration of a half-yearly dividend of 4½ per cent., this time without any repayment of engrafted stock, *i.e.* exclusively from profits, was favourably received. From the middle of April till the end of June fluctuations were very slight, only from 103¾ to 105¼. By the middle of July the prospects of a second favourable half-yearly dividend, which was this time 5 per cent., making 9½ per cent. for the year, led to a fresh improvement in the market. For the three weeks from July 19th to August 2nd the price was 107, the next fortnight it rose to 108¾, on August 23rd it was 109½, the next week 110½, then for a fortnight 113 and finally on September 20th, 119. Afterwards there was a slight fall, but not equal to the deduction of the 5 per cent. dividend paid on September 20th, and by November 10th the quotation was 118 and the market continued to record transactions between that price and 115 till the end of the year, closing in December at 117½. The difference between the lowest and highest prices recorded in 1699 represents a gain of 17¼, which compares with an increase of 17 in the previous year.

The first quotation in 1700 was 126; and the advance, that followed, was accelerated by the announcement not only of a half-yearly dividend of a very little more than 5 per cent. but also of a return of capital on the engrafted stock. The two distributions together amounted to

[1] Rogers, *First Nine Years of the Bank of England*, p. 93. Rogers says he cannot verify this statement of Luttrell's. The statement is that Bank stock fell 2 per cent. about January 19th. In Rogers' transcription of Houghton's quotations the price for January 20th is given as 102½, that of the previous week having been 103. But Houghton quotes prices of the *Wednesday* in the paper published on the *Friday*. Rogers gives the date of the paper as that of the quotation. Therefore the price printed by Rogers as of January 20th is really that of the 18th. Luttrell is right in recording the fall as on the 19th since Houghton on Wednesday 25th quotes the price as 101¾. All through I have given the actual date of the quotation, not that of the publication of the paper.

5¼ per cent.[1] The effect of this announcement was to cause the price to advance to 148¼. This was the highest quotation in 1700, and it was not surpassed till 1717. With this price of 148¼ the progressive improvement, that had begun in 1697, culminated. It represents an advance of nearly 200 per cent. on the lowest price of 1697 (51). If the par for the new subscription be taken at about £65 in cash, the appreciation, shown in less than three years, would be 127 per cent. In view of these facts it can easily be credited that one of the directors, Sir Gilbert Heathcote, is reported to have made £60,000[2].

The deduction of the March dividend of 1700 accounts for the reduction of the price of the stock from 148¼ *cum* dividend to 142 *ex* dividend on April 24th. The ill-health of the King of Spain and the foreign complications, likely to arise in reference to the succession after his death, tended to depress the price of stocks. From May 1st to May 22nd that of the Bank was quoted from 138½ to 139. Between May 29th and June 12th it varied from 141 to 141¼. In the next seven weeks quotations tended downwards from 138¼ to 136½. By August 7th it was expected that the September dividend would be a favourable one, and the stock rose to 141¾, relapsing to 138¾ on August 21st and recovering to 142 in the next fortnight. This dividend included a fraction over 5 per cent. from profits and very nearly ½ per cent. return of principal on account of the engrafted stock, making a total distribution of 5½ per cent.[3], and a payment for the year of 10¾ per cent. The fall in price from 148¼ in March to 142 in September, although the dividend was higher on the latter occasion, represents the discounting by the market of the outlook in foreign politics. After the books were reopened, the price was 133, representing a fall of about 3 allowing for the deduction of the dividend from the price. Three weeks later the quotation was 129, and Houghton repeats this figure for the following ten weeks. It is probable that he did not change his quotations, as it is to be expected that the news of the death of the King of Spain on November 1st would have made some change in the price, according as this event had been over or under discounted. About Christmas Day two transactions at 124½ were recorded, this being the lowest price of the year.

	£	s.	d.
[1] The dividend was	5	0	0¼
The principal returned		4	11¾
Total distribution	£5	5	0

[2] Francis, *History of the Bank of England*, I. p. 80.

	£	s.	d.
[3] *I.e.* Dividend from profits	5	0	0¾
Principal returned		9	11¼
Total distribution	£5	10	0

Throughout the first fourteen weeks of 1701, Houghton prints the same price, 123. Now this period was a very exciting one in the annals of the Bank. Thorold Rogers says that he is unable to reconcile the discrepancy between Houghton's list at this time and the prices mentioned by Luttrell, unless on the supposition that the latter records time bargains and the former "*bona fide* purchases and sales[1]." Rogers was misled by the impression he formed that Houghton quotes only actual cash transactions. But a closer study of his list affords material for correcting this theory. The prices of stocks and shares in the *Collections* were compiled in different ways at different times[2]. In 1701, the notation adopted was to print the quotation with a small figure beside it[3]. The index in this case was 0, meaning that there were no transactions, or in other words that 123 was bid, but that no business resulted. It is quite inconceivable that for three months the same offer was made without effect or without the price bid being modified. Evidently what happened is familiar to anyone who consults stock-exchange quotations in the less careful provincial newspapers. The price for Bank stock was reprinted from the previous issue for a lengthened period, as was the case with that of the other stocks. For instance the quotation of Old East India stock remained at 119 (marked as having been twice recorded) up to February 19th, when it apparently fell abruptly to 76.

This lapse of attention on the part of the editor of the *Collections* is to be regretted the more, since the first weeks of 1701 were the most exciting since the issue of the engrafted stock. The East India companies were in the throes of the struggle that resulted in the union begun in 1703. The Bank supported the New Company, and the Old Company, in its campaign, determined to injure the credit of its rival by attacking that of the Bank of England. The court of the Old Company, assisted by Duncombe, collected as much cash as they could together, it is said, but this is improbable, to the amount of a million sterling. They then obtained some £300,000 worth of Bank bills. The object of these manoeuvres was to drain the City of specie, and then to demand payment of the bank-notes with the expectation that the Bank could not honour its obligations. This scheme failed and the Bank is said to have delivered a counter-attack which forced the banker of the Old East India company to suspend payment[4].

1 Rogers, *First Nine Years of the Bank of England*, p. 132.

2 For specimens of these see Plate, vol. I.

3 The price on Jan. 1, 1701, was printed 123 0 q.

4 *The Villany of Stock Jobbers Detected* [by Daniel Defoe], in *A Collection of the Writings of the Author of the True Born Englishman*, 1703, pp. 259–61; cf. *The Consolidator: or Memoirs of Sundry Transactions in the World of the Moon*, 1705, pp. 250, 251. The name of the banker who failed is given as William Sheppard, cf. *A Handbook of London Bankers*, by F. G. Hilton Price, London, 1890–1, p. 151. *Vide supra*, II. pp. 153–76, 183–8.

The effect of this brisk financial campaign and the progress of the war, in which France was engaged with the German Empire, is reflected in the quotations recorded by Luttrell for Bank stock. On January 4th he records 122 and by the end of the month the price had fallen to 113. The attempted run on the Bank took place early in February, and by the 1st of the month the quotation had fallen to 106, a week later there was a recovery to 110 and by March 6th the stock, according to Luttrell, was as low as 97. This reaction of about 26 in less than three months shows that in addition to the dread of war, the sentiment of the market was influenced by the necessity, to which the Bank was reduced, of issuing sealed bills at 6 per cent. interest. This a contemporary writer describes "as a begging of credit[1]," and it probably made the situation appear worse than it was. Though the Bank must have suffered from the attack made on it, the payment of a dividend in March of 4½ per cent. would not have been made, had it been severely shaken. By April 9th, according to Houghton, the stock was quoted at 103½ and Luttrell gives a price of 110 on the 17th. On May 7th 111½ is recorded by Houghton, but the next week and on till June 25th the quotation was 106. On July 2nd the price rose to 112½. Afterwards there was again a reaction, and the stock only fetched 108¼ in the middle of August. On the 20th the quotation was once more 112½ and, on the announcement of a second half-yearly dividend of 4½ per cent., making 9 per cent. for the year, it rose to 115½ and subsequently to 118¾ on September 10th. After the books were re-opened in October, the first quotation was 109½, and the price fell away to 107½, afterwards rising to 110½ during the last three weeks of the year, thus reducing the fall for 1701 to 12½ on Houghton's figures.

Although it was known at the beginning of 1702 that war was inevitable, the market for Bank stock was stronger. It opened at 114½ and maintained this level till the end of the first fortnight in January. From the 14th to the 21st there was a slight fall to 113¼, this being the lowest price of the year. The March dividend was 4¾ per cent., an improvement of ¼ per cent. on that paid in the corresponding half-year of 1701. This raised the price of the stock which was quoted from 117 to 118 from the end of February to the middle of March. Although war against France had been declared on May 15th, by the 27th the quotation had recovered the deduction of the dividend, and the price was again 117½. The announcement that 5 per cent. would be repaid, on account of the engrafted stock on June 24th, increased the quotation to 121¾ on the 21st. After this distribution had been made the stock, *ex* dividend, was 118¼ till the end of July. In August the expectation of another

[1] *The Villany of Stock Jobbers detected, ut supra,* p. 261.

substantial repayment of capital caused the price to fluctuate between 121½ and 125½, the latter being recorded on September 9th. The dividend was again 4¾ per cent., making 9½ per cent. for the year, with a repayment of 2½ per cent. of the engrafted stock, or a total repayment in 1702 of 7½ per cent. Since only something less than ¾ per cent. had been returned in 1700, the repayment of 1702 was much the largest yet made, and the stock was very steady during the remainder of the year reaching 129 on December 9th, and closing at the end of the month at 128¾.

In 1703, although the country was at war, the price of the stock went steadily up from January 20th when it was 126, after being 129 on the 6th. The reason for this apparently anomalous movement was the large repayment of the engrafted capital made in this year. With the March dividend of 4¾ per cent., 2¾ per cent. of the capital was returned. On July 13th an extra payment of 2½ per cent. was made, and another of 4¼ per cent. with the September dividend. So that in all 9½ per cent. was returned, in addition to the dividend of the same amount, making a total distribution of 19 per cent. The progressive improvement in the quotations is explained by these repayments. At the March dividend-payment the stock was quoted at 129, by June 16th the deduction of the dividend had been recovered and the price was 129¾. The news of the additional repayment in July raised the stock to 133¼, and that in September to 138¾.

It is not altogether easy to account for the fact that prices of Bank stock advanced in spite of the declaration of war and the death of the King, and maintained that advance. It may indeed be thought that, as often happens, these unfavourable circumstances had already been discounted and that the actual outbreak of hostilities would naturally bring the necessary reaction. This may have been so, but if Houghton's prices can be relied on—it has been shown they are subject to doubt on at least one occasion—the state of the market does not suggest movements dominated by the rebound from undue pessimism. Had this been so, the improvement would have been checked from time to time by frequent relapses. But on the contrary, it began in 1701, and it may with more reason be assigned to the large repayments of the engrafted stock in 1702 and 1703. Even the small sum distributed as the beginning of this process in 1700 appears to have been one of several favourable influences in that year.

This however only removes the problem one stage farther back. Why should these distributions, amounting in all to £409,132. 14*s.* 2*d.*, have had such a marked effect? The answer would appear to be twofold. On the one side stockholders may have had to strain their resources to pay for the engrafted stock, and the repayment of over 40 per cent. of it

came as a great relief to many. Not only was it a relief, but the repayment was made in cash and represented a handsome profit. Even already, when about 40 per cent. of the stock was repaid, the subscribers had received back about two-thirds of the average amount of the capital they had raised. In the second place, the fact that the government was able to redeem the tallies showed that its credit was good, and therefore the expectation was formed that the financing of this war would not be nearly so difficult as that of the previous one.

In the year 1704 the good fortune, enjoyed by the Bank since the middle of 1701, ceased, and until 1707 the institution had to battle with adverse circumstances. In November 1703 a most destructive storm had visited the English Channel and southern coasts and had destroyed much valuable property. On the 5th of January Bank stock was quoted at 128½ and it rose till March 6th when 133½ was recorded. In view of the fact that the court found it necessary to reduce the dividend from profits from 4¾ per cent. (which had been paid regularly for four half-years) to 4½ per cent., with a return of 3 per cent. capital, this price represents a higher yield with the reduced dividend. In the next three months the fluctuations were not large, varying between 125 and 130. After the middle of August the stock rose, on expectations of a satisfactory September dividend, to between 131 and 130. This time the profits were lower, and only 4¼ per cent. was paid, making 8¾ per cent. for the year (as against 9½ in 1703) with a return of 4 per cent. on account of the engrafted stock. The dividend proved disappointing, and the stock was quoted "without the dividend" on September 22nd at 120½—the previous price (*cum* dividend) having been 128½—or a fall of about 4. For the next month the quotations showed little change, varying between 121 and 120. On October 27th there was a fall to 117½ and on the 30th to 115. This fall on October 30th was due to bad news from abroad and affected most of the better known stocks. Besides the securities of the Bank, those of the Old East India company, the African company and the Million bank, all touched the lowest quotations of the year on that day. The French armies had now occupied Spain and invaded Germany, while an insurrection in Hungary threatened to withdraw some of the troops that were badly needed by the Allies. The fall in stocks had been considerable, and there were large demands for cash from the Bank. To meet these, it became necessary again to issue interest-bearing bills, and the managing committee of the East India trade raised a considerable sum on bond. By these measures, a crisis that might have become serious was averted, and the total fall in Bank stock was about 18½ from the highest point of the year to the lowest. Early in November the stock recovered to 118, but relapsed to 116¼ on the 29th, improving again to 117¼ on December 15th and to 119¼ on the 20th, closing at

119, thus reducing the fall on the whole year—taking the difference between the highest price and that last quoted in December—to 14½.

It often happens that the after-results of a crisis are more disastrous than the crisis itself. So it proved during 1705 to the holders of Bank stock. The losses to commerce during the war, the shock to credit at the end of 1704 began to exert an influence in checking business, and the profits available for distribution were smaller than usual, so that the dividend in March had to be again reduced, on this occasion to 3½ per cent. Prior to the declaration of the dividend the stock was fairly steady, though on the whole it tended to fall. The price was 120¼ on January 3rd and it was below 120 by the 8th. From the 8th to the 22nd it stood at 119–119¾. Between January 24th and February 2nd, quotations receded from 118 to 114½. Then there came an improvement and 116 was reached by the end of the month. The dividend of 3½ per cent., as against 4½ per cent. in the corresponding half-year, proved disappointing, and the first price after the books were opened was only 108 on March 21st. On the 23rd 104½ was recorded, 102 on the 26th and 98 on the 28th, a fall of 10 in a week. During April and May there was a slight recovery, the fluctuations being between 102 and 100. In June the stock again lost ground. It was 100¼ on the 1st and fell steadily to 92 on the 29th. The market steadied itself in July (although in this month most other companies touched the lowest point in the year), the price being 95 on the 4th and 95½ on the 30th, after having fallen to 93½ on the 20th. During August there was evidently an expectation that the September dividend would be some improvement on that declared in the previous March, and 97½ was quoted on the 22nd, this being followed by 97 on the 31st and 96¼ on September 5th. The Bank however could do no more than repeat the 3½ per cent. dividend making 7 per cent. for the year, as against 8¾ paid in the previous year. Some compensation may have been found in the return of £3. 10*s*. per cent. capital, making with £5 repaid in March 8½ per cent. for 1705 (as against £7 in 1704); still the payment of a dividend of one per cent. less than the interest received by the Bank from the government suggested the inference that a loss had been made in the banking business; or that, if profits had been made that could not be divided, the institution must be sorely pressed for funds. Such ideas are reflected in the course of the market for the stock during the next four months. Early in September the price had been 96¼; after the dividend had been paid, it was from 88 to 89, showing a fall of nearly 5, allowing for the deduction of the dividend. These quotations were unchanged throughout October and until the middle of November. By November 16th the stock had improved to 90, only to fall back to 88½ at the end of the month, and

to 87 on December 5th (this being the lowest price of the year) recovering to 89½ on the 28th.

During the year 1706 similar causes continued to affect adversely the business of the Bank. It is true that until the middle of March quotations moved but little—between 88½ on January 18th and 91 on February 26th, the latter price being the highest of the year. Once more the half-yearly dividend was less than expected, namely 3½ per cent. with a repayment of 7 per cent. on account of the engrafted stock. During the months of April, May, June and July the market was sluggish, the extreme variations in the four months having been only between 83 and 85. Towards the end of August in previous years there had been animated transactions in view of the dividend announcement. For three half-years speculators had been disappointed and in 1706 the quotation only rose ¾ to 85¾. After the dividend of 3½ per cent., or 7 per cent. for the year, with a repayment of 4¼ per cent. (being 11¼ per cent. for the year on the latter account) was paid, there was another serious fall in the stock. When the books were re-opened it stood at 77¼ on September 25th, rising to 78¼ early in October, and falling back to 78 on the 4th, then to 77 on the 16th and finally to 76¼ on the 18th, about which it remained till the end of the month. This was the lowest point of the year—the lowest too since 1697, and represents a fall of 14¾ from the highest price in 1706 and of no less than 72 from that of nine years before. This may possibly have been the occasion referred to by the author of *the Anatomy of Exchange Alley* when he asks, "who were the men, who in the late hurry of an expected invasion, sunk the price of stock 14 or 15 per cent.? Who were the men that made a run on the Bank of England, and pusht at them with some particular pique too, if possible, to have run them down, and brought 'em to a stop of payment? ...Will they tell us that running upon the Bank and lowering the stocks was no treason?...Is not a wilful running down the publick credit, at a time when the nation is threatened with an invasion from abroad and rebellion at home? Is not this adding to the terror of the people[1]?" During this period, and for the next few years, rumours of invasions and Jacobite plots formed the usual basis for a "bear-raid" on stocks. It is probable that the passage quoted above refers rather to the French expedition of 1708; but, whatever was the cause, the depression of Bank stock shows that the effect was serious. The Union was being debated in Scotland, and it soon appeared that there was a strong party against the measure. Riots were frequent towards the end of October 1706, and it may have been thought in London that the Jacobite faction in Scotland would take advantage of this state of feeling, and that there might be an

[1] Reprinted in Francis, *Chronicles of the Stock Exchange*, p. 372.

insurrection, assisted by French troops. The reason that an invasion, in the interests of the exiled family, was dreaded was not only on account of the evils of a civil war, but because it was believed that it was the policy of the Pretender to repudiate the existing National Debt[1]. Therefore any such rumour would have a most serious influence on the stock-market.

Whatever was the cause of the low price of Bank stock in October and November 1706, it is evident that the situation was considered most alarming, and it is noteworthy that the stock of the Million bank suffered similarly: whereas the prices of the India companies' shares had been lowest in January and were much higher at the end of the year. The severity of the crisis, experienced by the market in Bank stock, may be judged by the fact that authentic news in December was sufficiently depressing, yet from the 10th the price was 84 or over, marking a recovery of £8 from the lowest point in October. It is true that a public thanksgiving for the victories of the army was held in December, but the situation in Scotland was for a short time very serious. There were numerous riots, and orders were issued, it was said, to troops in England and Ireland to be ready to sail, and these if necessary were to be supplemented by drafts from Flanders[2].

In January 1707, as it became known that the Union would be passed without alteration or delay by the English Parliament, prices of securities were first steady, at a low level, and then began to improve. Bank stock stood early in the month at 84 and, after small variations, closed at the same price. By the 7th of February the price relapsed to 81¾, partly as a result of a meeting of the court on the 5th at which it had been decided to advance the government £1,200,000 at 5 per cent. on the extension of the charter for twelve years, partly by renewed fears of an invasion[3]. A rival proposal was submitted by a group of private bankers to circulate £1,500,000 Exchequer Bills at 5 per cent.; and, the Bank having offered to take 4½ per cent. on the same conditions, its offer was accepted on February 14th[4]. On the following Monday, the 17th, the stock rose

[1] *The Fears and Sentiments of all True Britons with respect to National Credit*, 1710, p. 8; *The Spectator*, No. 3. This is the import of the sponge in the hand of the Pretender in the "*Vision of National Credit*"; *An Essay towards the History of the last Ministry and Parliament: containing seasonable Reflections on Favourites, Ministers of State and Publick Credit*, 1710, in Somers' *Tracts* (1748), II. p. 266; *A Letter to a New Member of the Honourable House of Commons; touching the Rise of all the Embezzlements of the Kingdom's Treasure*, 1710, in *Harleian Miscellany* (1746), VI. p. 288.

[2] Luttrell, *Brief Relation of State Affairs*, VI. pp. 95, 108, 110, 119; Burnet, *History*, V. p. 291.

[3] Luttrell, *Brief Relation of State Affairs*, VI. p. 136. [4] *Ibid.*, VI. p. 139.

to 92, after being $82\frac{3}{4}$ the previous week. The March dividend was £3. 11*s.* $11\frac{1}{2}$*d.* per cent., with a return of 3*s.* $0\frac{1}{2}$*d.* per cent. on account of the repayment of capital, making a distribution of $3\frac{3}{4}$ per cent. This was the last transaction on account of the engrafted stock, and, when the 3*s.* $0\frac{1}{2}$*d.* had been distributed in July, this additional stock, which had been retained in the books at its original amount (although subject to repayment by instalments), was finally cancelled, thus restoring the capital to the original sum of £1,200,000. The market for the stock was favourable in March, April and June. By the end of April the price had returned to par—the first time this quotation was recorded since June 6th, 1705. It remained over 100 till the middle of May, but during the following two months there was a slight reaction and quotations were between 97 and $98\frac{1}{4}$.

By July the calls required from the proprietors to circulate the Exchequer Bills, authorized in February, had been received in part on the new capital created for that purpose in the previous March. The amount to be added to the stock was decided by the following method. The capital had been £2,201,171. 10*s.* from 1697 up to the repayment of the last of the engrafted stock in March 1707. This operation reduced the capital to the original amount of £1,200,000, but at the same time the court made a call of 50 per cent. on the whole amount, both original and engrafted stock, which would have realized £1,100,585. 15*s.*, had not the Bank returned the proprietors £99,414. 5*s.*, leaving the balance of the call £1,001,171. 10*s.* This added to the original capital of £1,200,000 made the total new capital £2,201,171. 10*s.*

As the operation was slightly intricate, the following tabular statement shows how it was effected:

The Capital re-arrangement of 1707.

	£	*s.*	*d.*	£	*s.*	*d.*
Capital from 1697 to 1707				2,201,171	10	0
Deduct engrafted stock, cancelled March 1707 ...				1,001,171	10	0
Total capital after cancellation of engrafted stock				£1,200,000	0	0
Call of 50 °/ₒ on £2,201,171. 10*s.* =	1,100,585	15	0			
Less amount divided out to proprietors	99,414	5	0			
Nett amount added to capital by the call	£1,001,171	10	0	1,001,171	10	0
Total capital after March 1707				£2,201,171	10	0

The effect of the whole operation was that, although the capital was unchanged, over a million of it, which was now repaid, and which at March 1707 had only £3,225 of cash against it (owing to the

previous repayments of engrafted stock), was now once more represented by subscriptions from proprietors on which calls were being made.

This substitution of a real, for a nominal capital was one element in the strengthening of the credit of the Bank during 1707. The circulation of Exchequer Bills, by its agency, added to its claims on the State; and, as arising out of this, it had been entrusted with the remittance of the "Equivalent money" to Edinburgh[1]. The Union between England and Scotland had now begun to work with less friction, and some merchants were of opinion that the French might sue for peace. These considerations had a favourable effect on the stock-markets. Towards the end of April, as already mentioned, Bank stock had reached par and by the end of June it was 97½. On the news that on July 18th the Old East India company would submit the outstanding disputes with the English company to the arbitration of Godolphin, there was a general rise, not only in the securities of these undertakings, but also in that of the Bank, the latter reaching 108½ on July 28th. In August the stock rose from 109½ to 111½. The September dividend was favourable, being 4 per cent., thus showing an increase of ½ per cent. on that paid in the last four half-years ending September 1706, and making £7. 11*s*. 11½*d*. per cent. for 1707. By October 3rd the price of the stock had advanced to 119, the highest in the year and a rise from the previous October of no less than 43¾ or over 56 per cent. In the remaining months of the year the price fell slightly, touching 113¾ on November 19th, after which it recovered to 117 at the end of December. The causes of this depression are to be found in the loss of Sir Cloudesley Shovel's fleet at the end of October, the proclamation for a general fast on the 17th of November and the resolution of the House of Commons to impose a land-tax of 4*s*. in the £[2].

It is unfortunate that *the Daily Courant* (from which most of the previous prices have been taken) ceased to print quotations for the year 1708, and there are few to be found outside the issues of *the Flying Post*. Transactions are recorded from the beginning of March to the end of July, but there are none during the very interesting period when there was considerable alarm in February as to a possible invasion by the French[3]. Whether there was any material fall in prices cannot be known (unless quotations for these months should be discovered). The

[1] Part of this remittance was made in bills, which occasioned discontent in Scotland, *vide infra*, Division x., Section 3.

[2] Luttrell, *Brief Relation of State Affairs*, VI. pp. 228, 235, 236.

[3] *Ibid.*, VI. p. 269; *An Account of the Late Scots Invasion as it was opened by my Lord Haversham, in the House of Lords on 25th February*, 170⅞. In *A History of Agriculture and Prices in England*, by J. E. T. Rogers, VII. p. 711, two quotations (117¼, 117½) are given in February 1708.

first price recorded is on March 8th, 1708, which was practically the same as that at the end of December, being 117¼. Although it was believed on March 12th that the French fleet had not sailed in a northerly direction, news was received, by the middle of the month, that it was off the east coast of Scotland, and troops were hurriedly sent to the north[1]. By March 24th Bank stock was at 111½, and Luttrell states, on March 16th, that it had been announced in the House of Commons that the prices of stocks, which had fallen considerably, had now improved[2]. There had been material losses in the securities of the East India companies, the Old Company's stock having fallen 6 in a fortnight and that of the New Company 13½ in the same time. This may have been the occasion mentioned by the writer of *the Anatomy of Exchange Alley* previously quoted[3]. Parliament took notice of the depression of the stock-exchange and resolved on March 20th that "whosoever designedly endeavoured to destroy or lessen the public credit, especially at a time when the kingdom was threatened with an invasion, was guilty of a high crime and misdemeanour, and an enemy to her Majesty and the Kingdom[4]." By the end of the month, news had been received from Scotland that the hostile fleet had sailed homewards, and that it was judged safe for the troops brought from Holland to return there[5]. By the middle of April, Bank stock had risen to 128, an improvement of over 16½ in less than three weeks. This was attributable partly to the certainty of the suppression of the insurrection in Scotland, partly to a slight increase in the dividend, which was 4¼ per cent., as against £3. 11*s.* 11½*d.* per cent. in the corresponding half-year. Quotations were very steady in May and June and on till the end of July. It might be expected that the September dividend of 8¼ per cent., making 12½ per cent. for the year, would have led to an advance in the price. If this were so, any gain made must have been lost before the end of the year, since the first transaction recorded in 1709, on January 28th, was at 118, or a fall of 9½ from the previous July. The causes for the reaction were twofold. The battle of Oudenarde had been fought in July 1708, and the arrival of news of the victory had had a favourable influence on the stock-market. Afterwards the war, though favouring the Allies on the whole, had not advanced so rapidly as many had expected. Then the government was applying to the Bank for a fresh loan of large amount. Previous experience may have suggested that the issue would be raised by creating new stock at par; and, in view of such a possibility, the price was apparently too high.

[1] Luttrell, *Brief Relation of State Affairs*, VI. pp. 279–83.
[2] *Ibid.*, VI. p. 279.
[3] *Vide supra*, p. 222.
[4] *Journals of the House of Commons*, XV. p. 621.
[5] Luttrell, *Brief Relation of State Affairs*, VI. p. 283.

Early in the year 1709 the proprietors debated very closely the proposed loan and increase of capital, and it eventually became necessary to adjourn the meeting[1]. On February 5th, 1709, the company decided to offer to lend the government £400,000 free of interest, or in other words by adding this to the original capital (which had been borrowed at 8 per cent.) the government would owe the Bank £1,600,000, on which the interest would remain £96,000 a year, so that the effect of the change was to reduce the rate of interest from 8 per cent. to 6 per cent. The Bank was to be given till August 11th, 1711, to pay this amount of £400,000, and a discount of 6 per cent. was to be allowed on all or any part of the loan paid to the Exchequer before that date. The whole amount was paid by September 3rd, 1709, and the Bank received a total discount of £46,512. 16*s.* 8½*d.*[2] It was also proposed that the Bank should circulate £2,500,000 of new Exchequer Bills. It was agreed that the capital necessary should be provided by the doubling of the existing stock, *i.e.* by issuing £2,201,171. 10*s.* at 115, making the total capital £4,402,343, and realizing at the proposed premium £2,531,347. 4*s.* 6*d.* on the new subscription. This proposal was discussed in the House of Commons on February 10th, and it appears that pressure was put on the Bank to circulate an additional half-million of Exchequer Bills[3]. The proprietors met, and decided to adhere to their original proposals[4]. The Act 7 Anne cap. 7 accepted the offer of the Bank, and postponed the date of redemption until one year's notice had been given after August 1st, 1732. On Tuesday, February 22nd, the subscription lists for the new capital were opened at the office of the Bank in Mercers' Hall at 9 o'clock, and the whole amount was taken up by 1 o'clock, "indeed such was the crowd of people that brought their money to that fund, that near one million more could have been subscribed that day[5]." The price of the stock at the time of the subscription was about 117, and this included a right to the dividend to be declared, which turned out to be 4½ per cent., or an increase of ½ per cent. on the corresponding half-year of 1708. After the transfer books were re-opened, the quotation touched 115½, the lowest recorded price of the year, on April 1st. Information of the progress of peace negotiations soon affected the stock-market, and several securities reached the highest prices of the year in the fortnight between May 24th and June 7th, Bank stock rising to 135 or a gain of 19½ in two months. Although the negotiations were broken off, the distribution of a bonus of 7½ per

[1] Luttrell, *Brief Relation of State Affairs*, VI. p. 403.
[2] *Earlier Years of the Funded Debt, ut supra*, p. 68.
[3] *Journals of the House of Commons*, XVI. pp. 100, 101.
[4] Luttrell, *Brief Relation of State Affairs*, VI. p. 406.
[5] *Ibid.*, VI. p. 410; Chandler, *Proceedings of the House of Commons*, IV. p. 117, note.

cent. in July was favourably interpreted, especially as this was followed by a further dividend of 4 per cent. in September, being 16 per cent. for the year. The first quotations, after the payment of the September dividend, seem low, namely 120, 119¼ on October 21st; but, in comparing these with those current in June, it is to be remembered that the latter included prospects of a bonus and dividend together amounting to 11½ per cent., which had since been paid. So that, in spite of the news of the victory of Malplaquet which had been received in London in September, the price of the stock *ex* dividend was slightly lower. During November quotations remained about 120 to 121, but in December there was a reaction to 115½, occasioned chiefly by the Sacheverell prosecution, partly by another issue of stock in order to support the circulation of a further sum of £400,000 in Exchequer Bills. The total amount of stock subscribed was £656,204. 1*s.* 9*d.*, which, added to the existing capital of £4,402,343, made a total of £5,058,547. 1*s.* 9*d.* This issue was made by offering each of the proprietors the option of increasing his holding by 15 per cent., payable as to £5 on December 29th, £5 on the 25th of January, £5 on 25th of February, subject to a discount of 9 per cent., if paid on or before December 29th in cash or Exchequer Bills[1]. Offers of 2¼ premium were made for "liberties on the call of 15 per cent.," this being equivalent to the difference between the issue-price of the new, and the market price of the old stock[2].

In January 1710 the price of Bank stock opened lower than it had been in the previous year. On the 4th it was 112 and on the 6th 111¾. On the 9th a rise began which continued till February 17th when 129½ was quoted, that being the highest point of the year. This advance was due to the report that Louis XIV. had signed the preliminaries of peace[3]. The stock remained between 126½ and 128 till March 3rd. By the 14th it had relapsed to 123¼, but recovered to 127¾ on the 27th. The deduction of the March dividend, this time of 4 per cent. on the increased capital, accounts for the quotation about 123 to 123¾ from April 14th to May 3rd. On May 5th the price fell to 121¾, but advanced to 124 on the 24th, and stood near that figure till June 9th. Afterwards a steady fall set in, which with one or two recoveries continued to November 1st. By the end of June the quotation was 118¾,

[1] Luttrell, *Brief Relation of State Affairs*, VI. p. 522.

[2] *The Post-Boy*, December 19, 1709, *i.e.* at this rate the premium payable on the allotment of £100 new stock would be £15, the price of the existing stock being 116½.

[3] Luttrell, *Brief Relation of State Affairs*, VI. pp. 546, 547. This rise in price was arrested by the Sacheverell Riots early in March, during which the offices of the Bank were threatened by the mob.

during the first week of July it improved a little to between 119¾ and 119¼. On the 11th, Anne had an attack of gout, and it soon became known that the French plenipotentiaries had been dismissed, while Jacobite medals were being freely distributed in England and Scotland[1]. In view of these disquieting circumstances, Bank stock fell to 113½ on July 14th, and to 112¼ at the end of the month. In August the political situation at home occasioned uneasiness; and, upon the dismissal of Godolphin on August 8th, the quotation was 108¼[2], closing at 107½ at the end of the month[3]. During the first fortnight in September, the stock advanced to between 113 and 114¼ on the publication of favourable war-news from Spain. This half-year the dividend was 3½ per cent., making 7½ for the year. In October came the turmoil of the elections. The dismissal of the Whig ministry caused apprehensions that the Tories would be enabled to favour the Jacobites, again there were rumours of an invasion, and there was another run on the Bank. The stock had been 111 *ex* dividend at the end of September, and it had fallen to 105 on October 13th, on the necessity of the issue of sealed bills at 6 per cent. interest[4]. By November 1st it had further fallen to 95¾, not only the lowest quotation in 1710 but the lowest since 1707. During the remainder of the year there was some recovery, and 105¼ is recorded on December 1st, but for most of the time the stock was only a little over par.

The interest on Exchequer Bills had fallen into arrear, and in 1710 it was agreed that such arrears, as well as certain other Bills for the quarterly allowance (issued at 4½ per cent. in 1709), should be added to the million and a half of bills which the Bank had agreed to circulate, making in all £1,775,027. 17*s.* 10½*d.*, and that the bills should be cancelled, by adding this sum to the permanent debt of the State, due to the Bank, at 6 per cent. interest. The debt, owing to the Bank, thus became £3,375,027. 17*s.* 10*d.*[5] To enable this operation to be carried out a fresh issue of capital was made *pro rata*, this time of 10 per cent. The amount received (some proprietors not paying in full) came to £501,448. 12*s.* 11*d.*; which, added to the existing capital, made £5,559,995. 14*s.* 8*d.*, at which it remained till after 1720.

In the first days of 1711 there was a further fall in Bank stock on the receipt of intelligence of the reverses at Brihuega and Villa

[1] Luttrell, *Brief Relation of State Affairs*, VI. pp. 604–8; *A Detection of the Court and State of England*, by Roger Coke, 1719, III. p. 412.

[2] *A History of the Reign of Queen Anne*, by J. H. Burton, III. p. 65; *Some Reasons offered by the late Ministry*, 1715, p. 55.

[3] The author of *An Essay towards the History of the last Ministry* (Somers' *Tracts*, II. p. 269) gives the fall at this time as from 123½ to 107.

[4] Luttrell, *Brief Relation of State Affairs*, VI. p. 640.

[5] *Earlier Years of the Funded Debt, ut supra*, pp. 69, 70.

Viciosa. On January 3rd the price was 101¼, but it had recovered to 103 on the 12th. After being about 103 till near the end of February, it rose to 104 on the 26th and to 106 on March 16th. After deducting the dividend of 3½ per cent., the stock was at 102½ on March 26th. From April 11th to May 4th, the fluctuations were between 102 and 100½, the latter being the lowest price of the year. The market then improved slightly until 106¾ was recorded on June 11th, and it then fell back again to 100½ on August 30th. Considering that a crisis had just been experienced, the steadiness of the market is worthy of note, for during eight months the extreme variations did not exceed 6¼.

There were two favourable influences in September. One was the passing of the act, incorporating the holders of certain debts as the South Sea company, which was followed by the signature of a charter[1]. By this means certain pressing charges, as well as arrears of interest, were funded, and it was considered at the time that this operation exercised an important influence towards restoring credit. The second indication of the coming of better times was the signing of eight preliminary articles of peace on September 28th[2]. The effect of these events was a rise in Bank stock which was quoted at 114¾ *ex* dividend on October 5th. The prospects of peace and the arrangement of the debt were evidently welcomed by investors, for the publication of the dismissal of Marlborough, on December 31st, failed to affect the prices of stocks. Bank stock for instance, which had fallen a little in November, remained about 109 during December, and maintained this price till the middle of the following January. There was a slight relapse on the 21st to 108½; but, by the end of the month, the quotation had recovered to 110½. In February 1712 the market was steady, and prices tended to rise. By the end of the month the stock stood at 112½, about which price it remained till the end of March[3]; or, allowing for the deduction of the dividend, until the 4th of April. This dividend was 4 per cent. and was therefore an advance of ½ per cent. on that paid in each of the three previous half-years. That the court thought it wise to make an increased distribution was favourably received, and the stock rose to 111 on April 11th, and this price was maintained till May 15th when there was a fresh rise to 115½. Except for a small reaction in June, quotations were from 112 to 116 until the middle of October—allowing for the fact that the September dividend of 4 per cent. was deducted from the price on the 19th. Early in November the

[1] *Vide infra,* Division x., Section 5.

[2] *The History of England during the Reign of Queen Anne,* by Earl Stanhope, 1889, II. p. 228.

[3] *The Flying Post* gives a quotation of 125 for March 6, 1712. This is no doubt a misprint as the other papers record 112½ for the same day.

quotation was again about 115, rising to 116 at the end of the month. December brought intelligence of the probability of the peace negotiations being concluded, and Bank stock rose from 116¼ on December 2nd to 123½ on the 30th.

The condition of the Bank during the year 1713 is of no great interest. The Peace of Utrecht was actually concluded in March, but (as shown by the price of the stock) the effect of this had been discounted in the previous December. By the Act 12 Anne cap. 11 the Bank was authorized to circulate £1,200,000 Exchequer Bills, and to enlarge its capital for this purpose, if necessary. The state of business only justified the repetition of the same dividend, paid the previous year, namely 8 per cent. Although peace had been concluded, the outlook was uncertain, owing to the ill-health of Queen Anne and the doubts that existed as to the succession. This alarming possibility, as well as the large debt incurred during the war, induced a feeling of nervousness, which prevented the benefit of the cessation of the war from effecting an immediate improvement in credit.

These facts and expectations are reflected in the price of Bank stock. It was quoted on January 2nd, 1713, at 122½, but had fallen to 119½ on the 9th. During the remainder of the month the fluctuations were between these two quotations. The market was stronger in February, and by March 6th 125 is recorded. After a slight reaction, the same price was repeated early in April, reaching 127 on the 8th. On the 17th, after the revelations made in the report of the Commissioners of Public Accounts (which had been presented the previous day) showing the large losses sustained by the Treasury in various ways[1], the price fell to 123¾–123¼. Until the end of May, there were no more than fractional changes. On June 5th the stock was at 124½, rising to 127 towards the end of the month. On the news that Anne was unable to attend the public thanksgiving on the declaration of peace, which was held at St Paul's on July 7th, there was only a very small decline, and on the 31st the quotation was again 127. In August and the earlier part of September there was a continuous rise until 130¼ was recorded on September 10th, the highest price of the year. In October the stock, now *ex* dividend, was between 124½ and 123, and there was no change in November. During December the quotation advanced a little, 125⅝ being recorded at the end of the month.

The month of January 1714 is memorable through an organized attempt to produce a fall in stocks by the circulation of a report that Queen Anne had died suddenly. Rumours to influence prices had been

[1] *The Report of the Commissioners for Taking, Examining and Stating the Publick Accounts of the Kingdom with the Examinations and Depositions relating thereunto,* 171⅔.

known long before, and what differentiates this one is the effectiveness of the stage-management. One day towards the end of January a well-dressed man, having all the appearance of a person of importance, rode furiously down the Queen's Road, shouting that the Queen was dead. It was known that she had been ill, and the news was accepted without suspicion[1]. Business was suspended, and preparations were made for a general mourning. What made the news so alarming was its unexpectedness. For some time past there had been intrigues as to the succession, and as yet neither party was prepared. Therefore a time of political confusion was to be expected, and the gravest national dangers were anticipated. Persons, who had capital, wished to have a part of their resources immediately available, and withdrawals from the Bank began. These in a short time developed into a run, which attained almost to the dimensions of a panic. East India stock had been 126 in December, South Sea stock 94¼, and on January 29th the former was 118¼ and the latter 85¾. On the same day Bank stock was quoted at 120½, a fall of nearly 5 in a month. The relapse continued (although the Queen wrote to the Lord Mayor on February 1st announcing her recovery[2]) until April 2nd, when the quotation was 116¾, the lowest price of the year[3]. By the end of the month the stock had risen to 120¾–121, and by the beginning of July to 123. For some days afterwards the price was between 122 and 123. Then came the last illness of Anne, who was seized with an apoplectic fit early on the morning of the 30th. On the following day it was reported that she was dead, and stocks rose three per cent. This was quoted as being "infamous[4]," but the real reason of the rise was the appointment of the Duke of Shrewsbury as Lord Treasurer, which implied that the plots of the Jacobites would be checked. When the official news of the Queen's death was announced on August 1st, the rise in Bank stock continued. It was quoted at 130 on August 6th, and rose to 134 on September 10th. Allowing for the deduction of the dividend, this price was maintained till the end of the first fortnight in October. It might at first sight appear one of the vagaries of finance that a false report of the death of Anne should cause a short panic, whereas the event itself was accompanied by a rise in stocks. The true explanation has already been indicated. The report of January found the supporters of the Protestant succession unprepared, whereas in July and August they were ready. The peaceful proclamation of George I. accounts for the steadiness of the market at

[1] *Chronicles and Characters of the Stock Exchange*, by John Francis, 1849, p. 47.

[2] Mahon, *History of England*, I. p. 59.

[3] Anderson (*Annals of Commerce*, III. p. 278) gives the fall as from 126 to 116, as against one from 125⅝ to 116¾ in the prices mentioned in the newspapers.

[4] Swift, *Works* (Faulkner's edition, 1767), XIV. p. 361.

the advanced quotations. Reports of the activity of the Jacobites, towards the end of October and early in November, depressed prices, Bank stock falling to 126¾ on November 6th, after which day it rose slowly and closed at 129 in December.

The victory of the Whigs at the elections, early in 1715, was favourably received by the stock-market, as making for settled government, and by February 11th Bank stock had risen to 134½, the highest price of the year. The March dividend was this time 3¾ per cent. or a reduction of ¼ per cent. on those paid in each of the six previous half-years. The lower dividend did not materially affect quotations, for the price remained over 130 till the end of May. The report of the Secret Committee on June 9th caused a very slight fall, which was recovered by the 24th. For the first three weeks in July, the price fluctuated from 132 to 131¾, but on the 27th there was a fall to 126¼, occasioned by anticipations of a rebellion which had been forecasted in the King's speech on the 20th. During the next fortnight prices continued low, from 126 to 127½, but rose by the 15th of August to 133. For the following month, *i.e.* from August 15th to September 13th the fluctuations were from 131 to 133. Then came a rapid fall on the news that the Earl of Mar had raised the Pretender's standard at Kirkmichael on September 6th. On September 21st Bank stock had been 129, it was 124 on the 22nd and 123 on the 23rd *ex* dividend, recovering to 126½ on the 28th, and being quoted at 125½ on the 30th. On October 9th the price had risen to 127½, afterwards it fell rapidly, giving way to 115 on November 11th. This was the lowest quotation of the year, and it constitutes an interesting comment on the financial state of the country that this price is very little lower than that of the crisis of 1714, thereby showing that a serious shock to credit was considered as menacing as a civil war.

The news of the defeat of the Jacobite army at Preston (which took place on November 11th) led to an immediate rise in the price of stocks. Bank stock had been 117½ on November 14th and it touched 119 the same day, rising further to 120 on the 15th, by the 20th it was 124½, an improvement of 7 in six days. For the next three weeks it fluctuated from 123 to 124½; and, on favourable news of the prospects of the suppression of the Rebellion, there was a sustained rise from the middle of December to the end of the month, when the price was 127¼ on the 30th.

In the first week of January 1716 the quotation was as high as 128; then, when it became known that the Pretender had landed in Scotland, there was a reaction to 126½; and, owing to the disappointment occasioned by the apparent supineness of the army in the North, the price fell to 123¾ on the 26th. Early in February it became known that the

Jacobite army had retreated from Perth; and, on the 6th, the quotation had risen to 128¼. After falling, the stock was again at 128 on the 12th; and, upon intelligence being received, that the Pretender had re-embarked on the 4th (which was announced in the House of Commons on the 16th), the price continued to rise, reaching 130¼ at the end of the month. After a temporary fall to 127½, the quotation recovered again, and remained steady at about 130, until the closing of the books on March 16th. The stock, *ex* dividend of 4 per cent., was quoted at 128–128½ on March 22nd, a rise of over 2, and it advanced till 134 was recorded on June 1st. The Rebellion was now over, and the quotation of Bank stock was almost the same as that ruling a year before. On May 31st, 1715, it was 132, and on June 1st, 1716, 134. The lowest price in 1715 showed a fall of close on 20, all of which had been recovered by the end of June 1716.

After the Rebellion, the outlook was more favourable for the general business of the country than it had been since 1703. The succession was settled, there was peace at home and abroad, and a ministry was in office that was expected to be more favourable to the monied interest than that in power during the closing years of the reign of Anne. Owing to these circumstances, a great rise began in Bank stock which continued, with a few interruptions, until 1718. The price was 134¼ in July 1716—a rise of 11½ since the beginning of the year—and by the end of the month it was 137. At the end of September 140 was recorded, and 148 on October 13th, the highest quotation of the year. In the next week there was a sharp fall, owing to the friction between George I. and Lord Townsend, the stock reacting to 141 on the 24th and to 135 on November 30th, a total fall of £13 in six weeks[1]. During December there was an improvement and the price closed for the year 1716 at 137½.

In January 1717 Bank stock fluctuated between 137¾ and 139¼, closing at the latter price. The information of a Jacobite plot, in which the Swedish minister was implicated, gave some uneasiness to business men; and, during the end of February, Bank stock was from 135¾ to 138. When Parliament opened on February 20th, the King's speech had made allusion to the necessity for "reducing by degrees the insupportable weight of the national debt." There had been many schemes for lessening the indebtedness of the nation, some of them of a confiscatory nature, and the proposal was so badly received that a

[1] In Mahon, *History of England* (I. p. 252), it is suggested that contemporary writers exaggerated the nervousness in the City at the fall of Townsend, and it is said that the total fall in stocks was not more than one per cent. But from the beginning of the strained relations of King and Minister the fall was 11 per cent. in Bank stock.

loan of £600,000 at 4 per cent. had not been subscribed in full. On March 5th a resolution was moved "effectually to make good all parliamentary engagements." There was some discussion as to the attitude of the Bank; and, while several members recognized the services it had rendered, Aislabie, then Secretary of the Navy, charged the directors with being ready to support the late ministry[1]. All the chief public stocks, such as those of the Bank of England, the East India, South Sea, and Million bank companies were seriously affected by the dread of the forecasted changes. As holding loans to the government, they had to face the possibility of a reduction in the interest they received; and, in the case of the Bank, there was the possibility that its present capital might be swamped by the addition to it of a large number of debts; for, it was by the subscription of the annuities, debentures &c. into the stock of a trading company, that Walpole proposed to effect the reduction of the interest charge payable by the State. The discussion of this plan of finance belongs rather to the history of the South Sea company[2], which put it into practice in a manner that led to unfortunate results; but, for the understanding of the situation in March 1717, it may be mentioned at the present stage, that to make it desirable for the holders of loans to convert them into stock of a company and for the government to authorize such conversion, it was necessary that the company should receive less interest for the loans it would take over than had been paid previously to the individual bondholders, and that the deficiency in income, thereby likely to be experienced by owners of government stocks, should be made good by the profits earned by the company in its trading capacity. But this aspect of the question leaves out of sight the interests of the shareholders in the company on which stock was to be engrafted. If the undertaking were in want of additional capital (which could be raised by borrowing on the security of the increased government debt), the increased profits from an enlarged capital might maintain the old rate of dividend on the new capital. If, on the other hand, the present resources were ample, the trading profits would in the future be distributed over a larger share-capital, with the consequence that the original stockholders would suffer. In the latter case, a certain body of persons, engaged in a business undertaking, would be taxed to lessen the general charge on the nation at large.

The stockholders in the Bank considered that their present capital was ample, and therefore the effect of Walpole's scheme would have been to diminish the value of the existing stock. This attitude of mind was reflected by the course of quotations. The price of Bank stock had been 139 at the end of January and it had fallen as low as 131½ on March 8th,

[1] Chandler, *History of the House of Commons*, VI. p. 112.

[2] *Vide infra*, Division X., Section 5.

on the same day all other stocks (except that of the African company, which was unaffected by the scheme) reached the lowest points of the year. East India stock, for instance, in the same period fell 12, and South Sea stock $9\frac{1}{4}$. In view of these facts, the fall of Walpole in April caused an immediate revival of confidence, and, by the end of May, the loss in the price of Bank stock had been recovered. By July 5th the quotation stood at 148, thus repeating that current in the previous October. The rise, which had been interrupted from November 1716 to March 1717, was now resumed, $155\frac{1}{4}$ being recorded on July 17th. In August, September, October and on till the middle of December, the price was lower owing to the war which had broken out between Spain and Germany, for it was feared that Britain would be involved in the struggle, owing to the obligations imposed by existing treaties. On December 13th Bank stock had been $148\frac{3}{4}$; but, on more favourable foreign news and the attention paid by Parliament to the scarcity of silver coins (which was a great impediment to business at the time), the stock, which had been 152 on December 20th, rose to $157\frac{1}{2}$ on the 30th, that being the highest price of the year and a rise of 26 since the previous March. For the first quarter in 1718 the price continued to improve, until $161\frac{3}{4}$ was recorded on March 8th. This was the highest quotation both of 1718 and also in the series of years since 1710–11. The passage in the King's message, delivered to the House of Commons on March 17th, which, after alluding to the negotiations "of the utmost concern" then in progress, asked for an increase in the Navy, showed that the country was gradually drifting towards war with Spain, and an immediate fall in stocks was one effect of the message. Bank stock had been $161\frac{3}{4}$ on the 8th and by the 21st it had fallen to 152. Allowing for the deduction of a 4 per cent. half-yearly dividend, the price remained steady till the beginning of June; and, on the sailing of Byng's fleet for the Mediterranean, there was a further small relapse. In July the stock rose a little, and on August 15th $152\frac{3}{4}$ was recorded. News of the victory, gained by Admiral Byng against the Spanish fleet at Passaro, off the coast of Sicily, on August 11th, was received with mixed feelings. While a British success was gratifying, the collision with Spain had made war inevitable; and, towards the end of August, Bank stock was falling, and it was quoted at $148\frac{1}{2}$ on September 3rd, a loss of $4\frac{1}{4}$ within three weeks. The seizure of the goods of English merchants in Spain caused great disquietude, and by October 9th, Bank stock had fallen to 140, the lowest price of the year. The formal declaration of war with Spain was made on December 17th; but, in view of the events of the summer, this had been fully discounted, and the price of the stock (which had been $145\frac{1}{2}$ on December 5th) rose to $151\frac{1}{2}$ on the 22nd and to $154\frac{1}{2}$ on the 29th, so that although the country was at war, the price at the end

of the year was only slightly lower than it had been in the previous January.

In January and February 1719, considering that the country was at war, the fluctuations in Bank stock were not large. With the exception of one week from January 9th to 16th, when the quotation was as low as $152\frac{3}{4}$, the price varied between 155 and 158, the latter figure (which was the highest of the year) being recorded on February 13th. On the 27th of February the stock was 157. In March the Pretender was received publicly in Spain, and it began to be feared that a Spanish fleet, which had been collected for some unknown purpose, was designed to convoy transports for an invasion of the British Isles. On March 10th, George I. announced in the House of Lords that these anticipations were well founded, and between March 4th and March 13th Bank stock fell no less than 14—from $156\frac{1}{2}$ on the former, to $142\frac{1}{2}$ on the latter day. As showing the excitement of the time business was done between 145 and $142\frac{1}{4}$ on the 25th. After the first shock of the news, it was recognized that the danger had been exaggerated, and the author of *the Anatomy of Exchange Alley*, writing in the following April, was in doubt "whether it was ever worth our being so much alarmed, as we have been in Exchange Alley[1]." This projected invasion depended for its success on taking Britain by surprise, and it was already foredoomed to miscarry once the country was prepared. The storm that dispersed the fleet completed the failure and relieved the anxiety in the City. Up to April 10th Bank stock gradually rose to $146\frac{1}{4}$; then, on the news that two ships of the expedition had succeeded in landing troops at Kintail in Ross-shire on the 16th, there was a fresh reaction to $143\frac{3}{4}$ on the 29th. The futile nature of this disturbance was soon recognized, and in May the stock rose from 145 to $147\frac{1}{4}$. This improvement continued till July 10th, when 154 was recorded, a gain of $11\frac{1}{2}$ in less than four months. There was a slight reaction in the middle of the month, and the quotation on the 29th was $152\frac{1}{4}$. Early in August there was a sharp fall, but this was apparent rather than real and was occasioned by the deduction of a bonus of 10 per cent. paid in July out of capital. This distribution did not affect either the nominal amount of stock or the sum credited as paid up. The former remained at £5,559,995. 14*s.* 8*d.* and the latter at £100 nominal. The capital thus returned was restored in part in 1722 and the remainder in 1744[2]. In July the stock had sold between $153\frac{3}{4}$ and $152\frac{1}{4}$, and on August 7th it was quoted, *ex* bonus, at $142\frac{1}{4}$ to 143—the difference being almost exactly accounted for by the bonus being deducted from the earlier price. During the rest of the month of August quotations advanced, 149 being

[1] Francis, *Chronicles of the Stock Exchange*, p. 382.

[2] *Earlier Years of the Funded Debt, ut supra*, p. 71.

recorded on the 28th and again on September 9th. A week later there was a fall to 147, and this price was repeated (allowing for the fact that the stock was *ex* dividend after September 23rd) until October 23rd. On the 30th the price touched 140½, the lowest point of the year. The attitude of the stock-markets in the second half of November and the month of December is of great interest. It soon became known to a favoured few that the South Sea company had a scheme in view that would give great advantages to the proprietors; and those who were acquainted with the actual proposals, which were discussed in December and had probably been matured earlier, were engaged in a speculative purchase of stock. The original form of the scheme was designed to amalgamate the Bank of England and the South Sea company, and gradually orders were placed on the market for the purchase of the stock of both companies. The result was a steady rise in the last eight weeks of 1719. Bank stock advanced from 140½ to 149¾ or a rise of 9¼, and South Sea stock during the same period from 116¾ to 127¼—a rise of 10½.

In the fatal year 1720 Bank stock rose till January 29th, when 153 was recorded, a gain of 2¾ since the beginning of the year and during the same time South Sea stock was almost stationary. The suggestion had been made that the benefit of the proposed conversion should be divided between the two companies, and this being rejected by the court of the South Sea company, the process described "as setting the nation up to auction" began[1]. The tale of the contest for the monopoly of the conversion belongs rather to the history of the South Sea company, and the proceedings of the Bank may be seen more clearly in relation to the rival proposals of the younger company. On February 1st, the matter was to be decided by the House of Commons, and in the forenoon the stocks of the two undertakings fluctuated violently. Bank stock, which had been 153 on January 29th, varied on the eventful Tuesday from 156 to 147½, South Sea stock from 129 to 137¼. The difference was that the latter closed strong and the former weak. Evidently the decision of the House of Commons had been forecasted with a fair degree of accuracy. As showing that the excitement was confined to these two stocks, it may be mentioned that, while they each fluctuated more than 8 points on the same day, the quotations of East India stock only varied by ½. There was a debate in the evening, and Walpole defended the Bank, but Aislabie, now Chancellor of the Exchequer, who owned South Sea stock (for which he found it difficult to account a year later), was able to convince a House, which had reasons for wishing to be convinced, that the offer of the

[1] Timberland, *Proceedings of the House of Lords,* III. p. 176.

South Sea company was more favourable, and it was resolved that this should be accepted[1]. The consequence was an immediate rise in the stock of the South Sea company, and a fall in that of the Bank. The latter declined to 145½ on February 3rd, but rose to 149–152 on the 5th. Until the closing of the books on March 2nd, the price varied between 147½ and 154½, closing at 150, so that the fluctuations of the month from February 5th to March 3rd were not as great as those of February 1st. After the books were re-opened, the stock was quoted at 152½ on March 18th, then came the excitement from the 21st to the 23rd, when the stock-market was greatly disturbed—South Sea stock fluctuating between 270 and 380 on the 23rd, while Bank stock was from 160 to 175 on the 21st. This great advance could only be maintained temporarily, for the shares in the Bank had no great speculative possibilities; and, as the tide of gambling began to be directed towards South Sea stock, that of the Bank was sold and the price fell from 175 on March 21st to 139 on April 22nd.

From the end of April the South Sea company began to lend money on the security of its stock, and the Bank followed this dangerous example. The effect of such facilities for speculation was soon apparent. Between April 22nd and May 21st Bank stock rose from 139 to 210, an advance of 71, and South Sea stock from 343 to 460, an advance of no less than 117 in a month. During the next five weeks the directors of the Bank began to see the danger of the situation, and they appear to have exerted their influence to check the excessive speculation in Bank stock. It is true that on Friday, June 24th, the stocks both of the Bank and of the South Sea company reached the highest prices of the year (that of the latter indeed was much higher than it had been before the inflation), but during the five weeks Bank stock had risen from 205-210 on May 22nd to 265 on June 24th, a total gain of 60; whereas, in the same period, South Sea stock had been inflated from between 420 and 460 to 1050, or an advance of 600 in the five weeks, representing a profit of six times the par value of the stock in this short space of time[2].

While the price of South Sea stock was crumbling away at the end of August and during the month of September that of Bank stock was comparatively steady. From the highest quotation of the year—265 on June 24th—it had fallen to 210 (at which it had stood previously at the end of May) by September 9th. Between the 9th and 26th this price was recorded six times, and it is instructive to compare the wild fluctuations of South Sea stock during the same eighteen days. On the

[1] Chandler, *Proceedings of the House of Commons*, VI. 213.

[2] The variations in the price of the stock are shown in the diagram of the maximum daily fluctuations from May to September at the end of this volume.

9th it varied between 575 and 650, on the 14th from 555 to 590, on the 19th from 440 to 380, on the 21st from 350 to 395, on the 26th from 360 to 300. Thus although Bank stock had been sold within these eighteen days at prices showing a difference of 65, the same price occurs at the beginning and the end of the period, whereas in the same time South Sea stock had fallen no less than 350 or over 50 per cent.

Until October 7th Bank stock remained about 200, and a little consideration must have shown that the price was much too high. The dividend for the year had been 7½ per cent., and thus the yield was about 3¾ per cent. Further there were no prospects pointing to future great developments. On the contrary, other bankers were failing daily. At any moment the Bank of England might find itself seriously involved, and the fact that it survived the panic is an enduring tribute to the prudence and tact of the directors of the institution, which, amidst the ruin of this fatal year, was to the sorely stricken mercantile community "like the Capitol to old Rome[1]." In addition to the losses through failures of private bankers there was also the prospect that the Bank, after having been slighted by the ministry of 1720, would be called upon to make some sacrifices to aid in restoring credit. Taking these facts and contingencies into account, it will be apparent that the price of the stock at the end of September could not be maintained.

One reason for the strength of Bank stock was the influence of what was known as "the Bank-contract." This was drawn up early in September and provided that the Bank should take South Sea stock at 400, in payment of a sum of £3,775,025. 17*s.* 10*d.* of redeemable debt held by the Bank[2]. Now as long as South Sea stock was over 400 (as it was till September 7th) it would be apparently to the advantage of the Bank to complete the bargain. On till the 22nd, with the exception of one or two transactions, South Sea stock remained at 400 or over it. Then came the suspension of payment by the bankers of the company—the Sword Blade banking partnership[3]—on the 24th—and South Sea stock, which had touched 400 on Friday 23rd, was as low as 300 on Monday the 26th. Quite apart from the effect of the failure of the Sword Blade bank in reducing the price of South Sea stock, it affected the Bank of England in forcing it to collect its resources in view of the extra demands now made upon it, and therefore the directors refused to complete the agreement. Aislabie charged the Bank with breach of

[1] *Considerations on the Present State of the Nation, as to Publick Credit, Stocks, the Landed and Trading Interests,* London, 1720, p. 17.

[2] *Journals of the House of Commons,* XIX. pp. 319, 320; Francis, *History of the Bank of England,* I. 135; Anderson, *Annals of Commerce,* III. p. 351; *Proceedings of the House of Lords,* III. p. 181.

[3] *Vide infra,* Division XII., Section 3 c.

faith[1], and there appears to be little doubt that an agreement was made which only required to be formally completed. It is difficult to say what information the governor and directors had before them, when they withdrew from the understanding arrived at. From the point of view of commercial morality, a mere fall in South Sea stock below the 400, mentioned in the proposals, would have been no excuse for the Bank's withdrawal. The failure of the Sword Blade company meant that, if the Bank of England had attempted to complete the agreement, it would also have been involved in the collapse, with most serious effects on the national credit which was already severely shaken. Besides, whether the directors were aware of it or not, the *mala fides* was in reality on the side of the South Sea company. As shown by the "Report of the Committee of Secrecy[2]" in the following year, huge disbursements had been made for illegal or dishonourable purposes, and therefore the actual financial condition of the undertaking was much worse than it appeared. Possibly some inkling of these facts may have reached the court of the Bank, so that, on grounds of fair dealing and expediency alike, the directors were justified in refusing to complete the agreement, and they thereby saved the country from a much greater extension of the panic.

The reflection of the refusal of the Bank to support the South Sea company on the prices of the stocks of both was very marked. That of the latter had been 400 on September 23rd, and by the 29th it was only 200. It is true there was a recovery to 290 on October 3rd, but this was followed by a fresh fall to 200 on October 12th. Bank stock fluctuated between 200 and 180 during the first week of October, and on the 12th it fell from 170 to 140, touching 130 on the 14th, thus recording a loss of no less than 70 in a fortnight. This was the lowest price of the year, and it shows the resistance of the credit of the Bank to the shock of the panic that the lowest point is no more than 9 below a quotation recorded in the previous April before the South Sea inflation had commenced. During the remainder of the year, the stock on the whole improved. There was a sustained rise up to November 12th, when 152 was recorded, an advance of 22 in less than a month, and

[1] "I was thoroughly satisfied that this agreement of the Bank was a legal and firm bargain, and I can't yet imagine with what face of justice or equity they could ever break through it..." *Proceedings of the House of Lords*, III. p. 181. He further stated "if what I have heard since be true and what they say has been publickly avowed that this bargain was never intended to be kept, then I say it was not only a useful secret to those that were in it but the most compleat stratagem of the whole year"—*Mr Aislabie's Second Speech on his Defence in the House of Lords, on Thursday, July* 20, 1721, pp. 18, 19.

[2] *The several Reports of the Committee of Secrecy, to the Honourable House of Commons, relating to the South-Sea Directors, &c.*, London, 1721, pp. 11–23.

a price very closely approaching the average of the previous January and February. Throughout the remainder of November the stock was between 150 and 140. In December it fell as low as 132 on the 14th, recovering however to 147–148 on the 30th; this compares with 150¼ on January 1st, 1720; so that, after a year of exceptional strain that closed in the break up of credit following a severe panic, the difference in the price of Bank stock was no more than 3.

To complete the account of the Bank of England to the end of the year 1720, it only remains to notice the effect on its capitalization of the relief given the South Sea company in 1722. By the Act 8 George I. c. 21 the latter company was authorized to sell, and the Bank to buy £4,000,000 of South Sea stock at 105. The Bank thus increased its loan to the government by £4,000,000, and it paid for such increase £4,200,000—the difference of £200,000 representing the premium. To raise the necessary capital, the court decided to issue £3,400,000 stock at 118, which realized £4,012,000[1]. Therefore adding the stock issued in 1722 to that already in existence—namely £3,400,000 to £5,559,995. 14*s.* 8*d.*—the total became £8,959,995. 14*s.* 8*d.*: and the debt due by the State at the same period was £9,375,027. 17*s.* 10*d.*, the interest on which, together with the charge for management, amounted to £490,649. 11*s.* 3*d.* annually. The government debt was soon increased, but the total stock remained unchanged till 1742.

[1] A portion of the premium of this issue was devoted to repaying to the capital account part of the bonus drawn from it in 1719, *vide Earlier Years of the Funded Debt*, p. 71.

Summary of Capital, Dividends and Prices of the Stock, 1694–1722.

Capital.

			£	s.	d.
1694.	Loan to the State, of which 60 % was paid by the subscribers in 1694, 20 % in 1696–7, and 20 % provided from the profits		1,200,000	0	0
1697.	Subscription taken in tallies and bank-notes (engrafted stock)		1,001,171	10	0
	Total stock 1697		2,201,171	10	0
	From 1698 to 1707 the engrafted stock was repaid, and, on the completion of such repayment, the stock was cancelled,—deduct		*1,001,171*	*10*	*0*
	Total stock 1707, after deduction of amount of engrafted stock		1,200,000	0	0
1707–8.	A call of 50 % on the capital as between 1698 and 1707 was made, *i.e.* 50 % of £2,201,171. 10*s.* =	£1,100,585 15 0			
	The Bank at the same time divided out to the proprietors	99,414 5 0			
	Leaving the net increase of stock ...	£1,001,171 10 0	1,001,171	10	0
	Total (being the same as from 1698 to 1707) ...		2,201,171	10	0
1708.	The stock was doubled—£2,201,171. 10*s.* being subscribed at 115		2,201,171	10	0
	Total stock 1708		4,402,343	0	0
1709.	New stock was created to the extent of 15 % of £4,402,343, of which there was actually paid up ...		656,204	1	9
	Total stock 1709		5,058,547	1	9
1710.	New stock was created to the extent of 10 % of £5,058,547, of which there was actually paid up ...		501,448	12	11
	Total stock 1710		5,559,995	14	8
1722.	In order to purchase £4,000,000 South Sea stock, £3,400,000 Bank stock was issued and subscribed at 118		3,400,000	0	0
	Total stock 1722		8,959,995	14	8

Prices.

Year	Date of highest price	Highest and lowest prices	Date of lowest price
1694	Dec. 21	16 prem.—par	Sept. 21
1695	Dec. 11—25	40 prem.—14 prem.	Jan. 2
1696	Jan. 8	48 prem.—7 disc.	Dec. 9—23
1697	Sept. 15	98— $62\frac{1}{2}$[1] / $51\frac{1}{2}$[2]	Feb. 3
1698	Dec. 14—28	103—86	Jan. 12
1699	Sept. 27	119—$101\frac{3}{4}$	Jan. 25
1700	March 13—20	$148\frac{1}{4}$—$124\frac{1}{2}$	Dec. 24
1701	? Jan. 1 to April 2	123— 97[3] / $103\frac{1}{2}$	March 6 (Luttrell) April 9 (Houghton)
1702	Dec. 9	129—$113\frac{1}{4}$	Jan. 14—22
1703	Sept. 1—15	$138\frac{3}{4}$—126	Jan. 15—20
1704	Feb. 28	$133\frac{1}{2}$—115	Oct. 30
1705	Jan. 3	$120\frac{1}{4}$—87	Dec. 5
1706	Feb. 26	91—$76\frac{1}{4}$	Oct. 18 to Nov. 1
1707	Oct. 3	119—$81\frac{3}{4}$	Feb. 7
1708	April 12	128—$111\frac{1}{2}$	March 24
1709	May 24	135—$115\frac{1}{2}$	April 1
1710	Feb. 17	$129\frac{1}{2}$—$95\frac{3}{4}$	Nov. 1
1711	Oct. 5	$114\frac{3}{4}$—$100\frac{1}{2}$	May 4, Aug. 30
1712	Dec. 30	$123\frac{1}{2}$—108	April 2—4
1713	Sept. 10	$130\frac{1}{4}$—$119\frac{1}{4}$	Jan. 9
1714	Sept. 10	134—$116\frac{3}{4}$	April 2
1715	Feb. 11	$134\frac{1}{2}$—115	Nov. 11
1716	Oct. 14	148—$128\frac{3}{4}$	March 25
1717	Dec. 30	$157\frac{1}{2}$—$131\frac{1}{2}$	March 4
1718	March 8	$161\frac{3}{4}$—140	Oct. 9
1719	Feb. 13	158—$140\frac{1}{2}$	Oct. 1, 6
1720	June 23, 24	265—130	Oct. 14

[1] Bank-notes. [2] Cash.

[3] For reasons, explained in the text, Houghton's figures are subject to doubt, therefore the quotation from Luttrell is added.

Distributions made on Bank Stock.

Year	Dividend from profits, half-yearly	Total dividend from profits	Capital returned half-yearly	Total capital returned	Total distribution %
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
1695	6 0 0				
	4 0 0	10 0 0			10
1696	nil				nil
1697	3 10 0				
	20 0 0[1]				
	4 0 0	27 10 0			27½
1698	6 3 2½......	6 3 2½	0 16 9½...	0 16 9½	7
1699	4 10 0				
	5 0 0	9 10 0			9½
1700	5 0 0¼		0 4 11¾		
	5 0 0¾......	10 0 1	0 9 11¼...	0 14 11	10¾
1701	4 10 0				
	4 10 0	9 0 0			9
1702	4 15 0		5 0 0		
	4 15 0	9 10 0	2 10 0 ...	7 10 0	17
1703	4 15 0		2 15 0		
			2 10 0		
	4 15 0	9 10 0	4 5 0 ...	9 10 0	19
1704	4 10 0		3 0 0		
	4 5 0	8 15 0	4 0 0 ...	7 0 0	15¾
1705	3 10 0		5 0 0		
	3 10 0	7 0 0	3 10 0 ...	8 10 0	15½
1706	3 10 0		7 0 0		
	3 10 0	7 0 0	4 5 0 ...	11 5 0	18¼
1707	3 11 11½		0 3 0½...	0 3 0½	
	4 0 0	7 11 11½			7¾
1708	4 5 0				
	8 5 0	12 10 0			12½
1709	4 10 0				
	7 10 0				
	4 0 0	16 0 0			16
1710	4 0 0				
	3 10 0	7 10 0			7½
1711	3 10 0				
	3 10 0	7 0 0			7
1712	4 0 0				
	4 0 0	8 0 0			8
1713	4 0 0				
	4 0 0	8 0 0			8
1714	4 0 0				
	4 0 0	8 0 0			8
1715	3 15 0				
	4 0 0	7 15 0			7¾
1716	4 0 0				
	4 0 0	8 0 0			8
1717	4 0 0				
	4 0 0	8 0 0			8
1718	4 0 0				
	4 0 0	8 0 0			8
1719	4 0 0				
	3 10 0	7 10 0	10 0 0[2]	10 0 0	17½
1720	3 10 0				
	4 0 0	7 10 0			7½

[1] This 20 per cent. was utilized in lieu of the payment in cash by the proprietors of the last call, or, in other words, the last call was paid by a bonus out of the reserved profits.

[2] This distribution, described as a bonus, was made from capital, and afterwards

SECTION II. THE LAND BANKS.

THE BANK OF CREDIT ON LAND RENTS (FOUNDED BY HUGH CHAMBERLAIN, 1695).

THE LAND BANK, ESTABLISHED ANNO DOMINI 1695 (FOUNDED BY JOHN ASGILL AND NICHOLAS BARBON); THE NATIONAL LAND BANK (FOUNDED BY JOHN BRISCOE, 1695). AMALGAMATED 1696 UNDER THE TITLE OF THE NATIONAL LAND BANK OF ENGLAND.

ONCE the building up of a credit system on a joint-stock basis had been begun, the differences of opinion, as to the nature of the foundation on which the whole edifice should rest, which had shown themselves prior to the incorporation of the Bank of England, were likely, in favourable circumstances, to produce attempts to issue notes on some security other than a metallic one. During the speculative activity from 1690 there was a change of sentiment as to the different investments favoured from year to year. "Some years ago people were in warm pursuit after plate-wrecks, and, when that failed, the humour had recourse to stock-jobbing, and, notwithstanding the vast losses and disappointments therein, the whole nation and the legislative power thereof fell headlong from thence into lotteries and from that extremity we fell into another excess of banking[1]." The latter development was the opportunity of those promoters, who aimed at the founding of banks issuing notes secured on land and not on bullion. The most prominent leaders in this movement were Hugh Chamberlain, Nicholas Barbon, John Asgill and John Briscoe. Chamberlain was the earliest in the field, and his schemes were reproduced at a later date, after those of his rivals had been dropped. Thus he becomes connected with the histories of the Banks of England[2] and of Scotland[3] as a competitor of Paterson when the former was being established and, at a later date, as advocating a change in the Scottish currency, which would have affected the fortunes of the latter.

When the banking system of Paterson was accepted by the government and granted legislative sanction, Chamberlain decided to prosecute

[1] *Some Considerations on the late Act of the Parliament of Scotland for Constituting an Indian Company,* London, 1695, p. 4 (Advocates' Library Pamphlets).

[2] *Vide supra,* p. 204. [3] *Vide infra,* Section 3.

his own scheme, without any recognition from the State. Accordingly, when he found that the undertakings started by Barbon and Briscoe were receiving support, he brought forward his plan for *a Bank of Credit on Land Rents.* In October 1695 he published proposals offering those who would join him a treble option, which he described "as equivalent to a new discovered mine." First, the owner of landed property might mortgage it to the office of land credit for 150 years, receiving for each £150 rent per annum, so assigned, £8,000 in the notes of the bank, paying for the accommodation only ¼ per cent. interest annually and repaying the principal at the rate of 1 per cent. a year for 100 years. In the second place, he might borrow the same sum and (what was virtually an identical proposal in another form), by paying 1¼ per cent. per annum, become free from all liability to return the principal. Thirdly he might sell his land outright at 80 years' purchase, receiving the purchase money in land credit notes[1]. The secret of the financing of the scheme depended on the payment being made in the obligations of the office, these would have only cost the sum paid for printing, and the small rate of interest was calculated to leave a substantial margin of profit after paying office expenses. In addition, it was intended that the bills should be employed in trade, and the gains resulting were to be added to the income of the bank[2]. Chamberlain contemplated taking mortgages and making loans on rents up to £50,000. The advances on this sum would have come to £4,000,000, and even the small interest of ¼ per cent. would have produced a gross income of £10,000. This was subject to the charges of management; but, on the other hand, there were the profits from trading on the credit of the notes to be added. Necessarily, account should have been taken of the inevitable depreciation of the notes and that, since these must have been accepted by the bank that had issued them, the imaginary profit would melt away. Chamberlain himself was not blind to the hazardous nature of the operation he proposed, since he stated that the reason the notes were to be issued gradually was to prevent "a glut of credit," which was his euphemism

[1] *London Gazette,* October 25, 1695, reprinted in Rogers' *First Nine Years of the Bank of England, ut supra,* pp. 53, 54.

[2] *A Bank Dialogue* [1695] [Brit. Mus. $\frac{8223.e.7}{6}$], p. 2. This phase of the scheme was only developed fully in the proposals made later in Scotland (*vide infra,* Section 3). The idea, at this time, seems to have been that the office issued the notes as a loan, these were gradually returned to it, as interest paid by the borrower. Such bills were to be employed in trade and gradually retired out of the profits so made—*Papers relating to a Bank of Credit on Land Security,* 1693 [Brit. Mus. 1139. h. 18]. Elsewhere it is stated the notes were to be retired in equal numbers each year. *The Constitution of the Office of Land Credit* [Brit. Mus. $\frac{8223.e.7}{12}$].

for depreciation. Again he is candid enough to admit that the whole transaction was "no more than what is duly practised by gamesters who engage their guineas to the box for 30 counters apiece which they then value as 1*s.* each[1]." The essential fallacies of the scheme were glossed over by appealing to the suspicion of the "landed interest" towards the "monied men." All objections were treated as so many efforts of the latter to prevent the former from borrowing, except on terms "which were not interest but extortion," while Chamberlain represented his mission as "the freeing of our lands from the servitude and tyranny of a devouring usury[2]."

The internal organization of the office of land credit was somewhat complex. The person, proposing to join it, "subscribed" his property in the sense of leasing it for a long period or mortgaging it to the bank. He thereupon became a "Proprietor in the Office." There were also "the Noble Visitors," who acted as trustees, in whom the subscribed estates were vested, while there was a third rank or group, the "Undertakers or Managers." Each of these classes chose equal numbers, from its own body, to form "the Chamber of Control." Lastly, every proprietor had one vote, and no more, in the choice of "Governors of Trade"—the latter persons being those who were to manage the commercial operations supported by the credit of the notes[3].

On November 29th, 1695, Chamberlain announced that a total rental of £50,000 had been subscribed; and, at the request of those who could not be included, this sum was doubled, and, later, it was announced that loans were to be issued on a rental up to £200,000[4]. Had this amount been deposited, it would have been necessary to create notes to the nominal value of more than ten millions; and it was even proposed to issue twice that amount to lend to the government[5].

A new phase of the scheme was announced on December 20th, 1695. It was said that applications had been received from land-owners, who

[1] *The Several Articles or parts of the Proposals upon Land Credit* [Brit. Mus. 8223.e.7/4].

[2] *The Constitution of the Office of Land Credit* [8223.e.7/12], p. 4; cf. *Several Assertions Proved in order to Create another species of Money than Gold and Silver* [by John Asgill]. *Reprint Econ. Tracts,* Baltimore, p. 30.

[3] *Constitution of the Office of Land Credit, ut supra,* p. 8. Subscriptions were first taken at Chamberlain's house in Essex St., afterwards at Mr William White's chambers in the new building (No. 7), Lincoln's Inn.

[4] *Constitution of the Office of Land Credit, ut supra,* p. 3.

[5] *An Essay upon the Necessity of raising the value of twenty millions of pounds at least, in either bills, bonds, tickets or tallies of credit, according to Dr Chamberlain's method, in order to enable the King to carry on the war with France* [Brit. Mus. 1390.e.1].

were ready to become members, provided their lands could be freed from existing encumbrances. It is evident that, at this early stage of the venture, mortgagors would not receive land credit notes, and therefore Chamberlain proposed a method by which these encumbrances could be met. He advertized that he was ready to receive subscriptions of cash up to £50,000, which were repayable in four annual instalments with a bonus of 40 per cent.[1] Or, according to a modification of this subscription, the subscriber might elect to receive his principal back again at the end of the four years; and, instead of a bonus in cash, he could obtain credit for an additional 20 per cent. in credit-notes, which would be subscribed on his account into the projected trading stock[2].

In spite of Chamberlain's promises and the hopes that he raised, the public was not sufficiently credulous to support his "office." Though many believed that "land was the best bottom for publick banks[3]," the schemes of Barbon and Briscoe, which were much less unsound than those of Chamberlain, were sufficient to meet their needs. It has been customary, when reference is made to the "land-bank" of this period, to associate it wholly with the name of Chamberlain, though his promotion was in reality the extreme extravagance of the movement, not its natural outcome. Indeed one might almost imagine that his office of land credit was a parody of other promotions, but the venom with which he, as "the first proposer of land-banks," attacks rival schemes shows that the latter were gaining the support denied to him. His criticism of the other propositions begins moderately enough in *a Bank Dialogue* (1695) and becomes more acrimonious, till it ends in the tract entitled *a Rod for a Fool's Back*[4].

The type of land bank promoted by Asgill and Barbon differs widely from the credit office. The former was in fact a prototype of the land-mortgage bank. Its constitution provided for the making of loans on landed property up to three-quarters of the actual cash value. The mechanism, by which it was proposed to record the loans, consisted of a treble series of books, one of which contained the market value ("the value of the auditor"), another three-quarters of that sum ("the value of the register"), and the third the remaining quarter ("the equity of redemption"). The amount lent must not exceed the value of the register, paid to the borrower in the form of "bills of charge," divided into denominations of £1,000, £500, £100, £50, at an interest of

[1] *London Gazette*, Dec. 20, 1695. This advertisement makes the instalments equal ones.

[2] *Proposals of Dr Hugh Chamberlain for a Bank to secure current credit*, 1695 $\left[\text{Brit. Mus. } \frac{8223.\text{e}.7}{3}\right]$, p 3.

[3] *An Essay upon Projects* [by Daniel Defoe], 1697, p. 67.

[4] Brit. Mus. $\frac{8223.\text{e}.7}{6}$, 8227.b.7.

$3\frac{1}{2}$ per cent., if paid quarterly, or 4 per cent., if paid half-yearly. In order to give currency to these notes, a public subscription was made, and £100,000 stock had been taken up by August 30th, 1695, on which 20 per cent. was to be paid on or before October 19th. It was provided that the capital might be increased, until it amounted to £500,000. Great care was taken, in the planning out of the office, to prevent fraud or careless management, while it was agreed that there should be established a fund for insurance of "the bills of charge," first by setting aside £10,000 of the paid up capital and secondly by adding to that sum $\frac{1}{2}$ per cent. out of each $3\frac{1}{2}$ per cent. or 4 per cent. received as interest on the loans. The members were entitled to two votes for £300 stock, three votes for £500, and five votes for £1,000, but to no more. The company was to be controlled by twenty-one trustees or managers, each of whom must hold £1,000 stock. As a recompense for promoting the enterprize, Asgill was to receive a bonus of £3,000 stock and Barbon £2,000 stock, subject to the conditions that neither might alienate it within seven years, nor purchase more stock than would make him the owner of £5,000 nominal[1].

Briscoe's original scheme resembled that of Barbon, but there are some important differences. In his office, which was called *the National Land Bank*, it was intended that estates should be purchased outright, agricultural land at twenty years' purchase, ground rents at twenty-two years' purchase and house property at seventeen years' purchase. Loans were to be made thereon up to three-quarters of the value so arrived at, and, as in the other land banks, paid to the borrower in notes. The rate of interest was 2*d.* per diem or £3. 0*s.* 10*d.* per annum. Each subscriber of £50 rent had one vote in the choice of managers. Besides the operations on landed security, subscriptions were to be taken for £1,000,000 in money, payable as to 10 per cent. on September 29th, 1695, and by like instalments quarterly. In the terms of this proposal £1,500 in cash was to rank equally with £2,000 in land, so that from the beginning, independently of other causes, the notes would have been at a discount. Subscribers were to receive interest at the rate of 3 per cent. "over and above the proportionate profits of the bank[2]."

The lists were opened on June 11th, 1695, and the promoter took care to recommend his scheme to owners of property. He declared that the freehold estates of England constituted "the best fund or security," but that "the servile yoke of 6 per cent. had eaten up several estates."

[1] *The Settlement of the Land Bank established, anno Domini*, 1695, Somers' *Tracts*, XI. pp. 16–50.

[2] *The following proposals and accounts of a National Land Bank having been printed at London* [1695]; *Proposals for Raising money for the National Land Bank*, Aug. 7, 1695 [Brit. Mus. $\frac{8223.e.7}{5}$, $\frac{712.m.1}{44}$].

While the Bank of England advertized that it would lend money at 5 per cent., it refused to accept titles of lands offered as security, "which has turned the current of business another way and leads to the setting up of banks in foreign countries, and the poor freeholders are left to shift for themselves[1]." By August 3rd estates, valued at £60,270. 10*s.* per annum, had been subscribed[2], and thereafter a monthly abstract was issued showing the progress of the undertaking[3]. Towards the end of the year the bank was believed to be likely to succeed. Luttrell, writing under the date of August 15th, says that "both Dr Barbon's and Brisco's land banks go on very successfully[4]," while another writer refers to the latter as "standing so high in fame and making so great a noise in the world and being so charming and attractive[5]."

Meanwhile difficulty was experienced in inducing those, who had undertaken to subscribe cash, to pay the call due, and on September 17th it was announced that 10 per cent. discount was allowed on all moneys, handed in to meet this liability before October 23rd[6]. Then in December there came a new development. It was well known that, owing to the great cost of the war, there was a serious deficiency in the Parliamentary supplies. Briscoe now came forward with a scheme, which was presented to the House of Commons on December 2nd, under which he undertook to provide a great part of this deficiency, on condition that the National land bank received legislative sanction[7]. The office, founded by Asgill and Barbon, was also in the field; and, towards the end of January or in the first days of February, both institutions amalgamated[8]. The united undertaking submitted revised proposals, and on March 5th, 1696, the House of Commons resolved that the loan required "should be settled in the National land bank[9]." The act, which gives effect to this resolution (7 and 8 Will. and Mary, c. 31), was drafted on the same lines as that for founding the Bank of England, and the form of both was followed in 1698 in the measure authorizing the

[1] *Briscoe's Advice to the Freeholder*, pp. 3, 4; *An Account of the National Land Bank* [Brit. Mus. $\frac{816.\mathrm{m}.10}{6}$].

[2] *Account of the Value of Estates subscribed towards the Fund for a National Land Bank* 11 *June to* 3 *August* 1695 [Brit. Mus. $\frac{712.\mathrm{m}.1}{43}$].

[3] *The Monthly Account of the Land Bank* [Brit. Mus. $\frac{712.\mathrm{m}.1}{6,\ 46}$].

[4] *Brief Relation, ut supra*, III. p. 512.

[5] *Angliæ Tutamen, ut supra*, p. 9.

[6] *Post-Boy*, Sept. 17, 1695.

[7] *To the Hon. the Knights Citizens and Burgesses assembled, &c.* [Brit. Mus. $\frac{712.\mathrm{m}.1}{35}$].

[8] Luttrell, *Brief Relation, ut supra*, IV. p. 13.

[9] *Journals of the House of Commons*, XI. p. 495.

subscription of capital for the New East India company. In all three cases, the subscribers of a loan were to receive, in addition to the interest paid in money, the privilege of incorporation with certain immunities. The act of 1696 provides that, under certain conditions, the persons who raised a loan of £2,564,000 at 7 per cent. should be incorporated as *the Governor and Company of the National Land Bank of England*, which should be authorized to lend on land securities to its members to an extent not exceeding the loan to the State. The conditions, on which these privileges were to be vested in the company, were that one-half of the loan must be subscribed before August 1st, 1696, and the whole of it before January 1st, 1697. Persons, who took up this loan, must pay on application one-quarter of the amount for which they tendered. Registers must be kept of lands on which money was advanced on the plan proposed by Asgill and Barbon. The company was to advance £500,000 by way of loan on real property at $3\frac{1}{2}$ per cent., if the interest was paid quarterly, or at 4 per cent., if paid half-yearly[1].

The subscription-books were to be opened at Exeter Exchange before May 25th, 1696[2], and it was recorded on June 11th that the loan had been a failure[3]. There is some doubt as to how little of the loan was subscribed, one account giving a total of £40,000, but the Chancellor of the Exchequer stated in Parliament that, at the closing of the lists, only £7,100 had been taken up, of which £5,000 was on behalf of the King[4].

The absence of response to this loan produced great confusion in the national finances for several years afterwards, and it had the effect of discrediting all the land banks. The reasons this issue was not subscribed are not far to seek. It came at the worst possible time, just after the run on the Bank of England and while cash-payments were suspended[5]. Coin was at a great premium, and no one was likely to subscribe his money for 7 per cent. with dubious contingent advantages when much more was to be obtained on equal, if not better, security. Obviously, if 8 per cent. with trading privileges was a fair rate in 1694 and 1698, a considerably higher percentage would have been required in 1696. Moreover the failure of this loan is an instance of the peculiar interaction of the Bank of England and the land banks. These had been rivals from the beginning, the progress of the latter had something to do with the suspension of the former, and that suspension again was a powerful influence towards preventing the incorporation of the National land bank.

[1] *Statutes,* VII. pp. 131–45.

[2] Luttrell, *Brief Relation, ut supra,* IV. p. 58. [3] *Ibid.,* IV. p. 71.

[4] *The Writings of William Paterson,* by S. Bannister, London, 1858, I. p. xliii.; *The History and Proceedings of the House of Commons* ("Chandler's"), III. p. 53. According to the latter account the lists were not opened till June 5th.

[5] *Vide supra,* pp. 208, 209.

SECTION III. THE BANK OF SCOTLAND (CONSTITUTED BY ACT OF PARLIAMENT 1695).

THE circumstances which led to the establishing of the Bank of Scotland have been detailed by the founder of the institution, John Holland. This merchant is said to have been an Englishman, but he was acquainted with Scottish trade through his connection with the company for manufacturing baizes which had obtained Parliamentary sanction in 1693[1]. Early in 1695 Holland had withdrawn almost altogether from commercial pursuits, and "was thinking only of how he might spend the remainder of his days in peace." A friend, who was a Scotsman, when visiting him, was full of a scheme for the foundation of a bank in Scotland and urged Holland to give the matter his attention, assuring him that an act of the Scottish Parliament could be obtained on his own conditions. Holland eventually drew out a sketch of the constitution of a bank, and in a few days the unknown intermediary had embodied it in an overture of an act. At the same time the support of Scotsmen, resident in England, had been obtained, so that a considerable amount of capital had been secured before application was made to Parliament[2]. In the summer of 1695 all Scotland was enthusiastic over the prospects of the Darien scheme, which had been passed by the Estates on June 26th. Paterson intended this company to undertake banking operations, and he was considerably chagrined to find that on July 17th another act had been passed, not only establishing a banking company, but giving it a monopoly for twenty-one years. In a letter, written in August, he says, "I desire to see a copy of the bank act so surreptitiously gained. It may be a great prejudice, but is never likely to be of any matter of good to us, nor to those who have it[3]."

The following are the leading provisions of the act:

(*a*) *Incorporation* was effected under the title of *the Governor and Company of the Bank of Scotland*, as one body corporate and politic with

[1] *Vide supra*, p. 173.

[2] *The Ruine of the Bank of England and of all Publick Credit inevitable*, by John Holland, London, 1715.

[3] *The Writings of William Paterson*, by S. Bannister, London, 1858, I. p. xxxvii.

the usual powers of perpetual succession and a common seal, of purchasing and alienating lands, tenements and all other heritage, as likewise all sums of money and other moveable goods and gear whatsoever: and further to do and execute all other things which any other company or body politic can or may lawfully do or execute, and that as amply and fully as if the several matters and things were particularly set down in this act[1].

(*b*) *Capital and Subscription.* The capital was fixed at £1,200,000 Scots, being the same amount, *but in Scottish currency*, as that of the Bank of England. In sterling currency the capital of the bank of Scotland was £100,000. A subscription book was to be opened at Edinburgh from November 1st, 1695, to January 1st, 1696, in which all persons might subscribe, subject to the following conditions:

(i) The minimum subscription was £1,000 Scots and the maximum £20,000 Scots.

(ii) 10 per cent. of the subscription was to be paid on application.

(iii) Two-thirds of the total subscription was to belong always to persons residing in Scotland[2].

(*c*) *Constitution.* The management was in the hands of a governor, a deputy-governor and twenty-four directors, elected annually. The qualification for votes in the election of governor and directors was to be one vote for every £1,000 Scots of stock. Persons eligible for the office of governor must hold at least £8,000 Scots in their own right, those eligible as deputy-governor £6,000 Scots, and those eligible as directors £3,000 Scots. The quorum consisted of any seven of the governor, deputy-governor and directors. Vacancies, through death or lapse of qualification, were to be filled by votes of the members[3].

(*d*) *Powers of the Court.* Besides being responsible for the general management the directors were empowered:

(i) To determine the date and amount of further calls in addition to the 10 per cent. paid on application, under penalty of forfeiture[4].

(ii) To lend upon real or personal security "and to receive annual rent for the same at 6 per cent. as shall be ordinary for the time."

(iii) The capital of the bank was to be employed in the trade of lending and borrowing money upon interest and in no other[5].

(*e*) *Special Privileges:*

(i) Transfers of shares might be made either by will or by registry in the company's books "without necessity of confirmation or further formality[6]."

[1] *Act of Parliament for erecting a Bank of Scotland*, p. 2. [2] *Ibid.*, pp. 1, 2.
[3] *Ibid.*, p. 3. [4] *Ibid.*, p. 4. [5] *Ibid.*, p. 8. [6] *Ibid.*, p. 6.

(ii) The joint-stock of the bank, continuing in money, was to be free from all public burden to be imposed upon money for 21 years.

(iii) During 21 years no other "distinct company of bank" might be established in Scotland.

(iv) In cases of bankruptcy or forfeiture of the property of a shareholder, provision is made "to expose by public roup such shares and the profit thereon to any other person who shall bid the highest price therefore...and the price arising from the said roup to be made forthcoming by the said company to the creditors, heirs or others succeeding to the right of the person so denounced or forfeited[1]."

(v) Foreigners, who became shareholders, also became naturalized Scotsmen.

(*f*) *Security by and for the bank.* "It is hereby declared that summar execution by horning shall proceed upon bills or tickets drawn upon or granted by or to and in favour of this bank and the managers and administrators thereof for the time, and protests thereon in the same manner as is appointed to pass upon protests of foreign bills by the 20th act Parl. 1681 K. Ch. II. and sichlike that no suspension pass of any charge (for sums lent by this bank or to the same) but upon discharge or consignation of the sums charged for allenarly[2]."

(*g*) *Payment of Dividends.* It is also provided that no dividend shall be made, except out of the profits on the paid up capital and with consent of the adventurers in a general meeting[3].

Of the £400,000 Scots (or £33,333. 6*s.* 8*d.* sterling), available for persons residing in England, the whole amount was subscribed for in one day, and the remainder of the authorized capital amounting to £800,000 Scots (or £66,666. 13*s.* 4*d.* sterling) was taken up in Scotland by the date specified in the act for the closing of the lists[4]. It was indeed alleged that "the country clamoured against the management for the packt way they took to make up their subscriptions[5]."

Just as in the manufacturing industries, Scotland was utterly destitute of technical skill; and, though two-thirds of the capital had been subscribed by Scotsmen, none of them were competent to undertake the control of the business to be established. Accordingly Holland, who had been elected governor, agreed to reside for some time in Edinburgh and to superintend the early operations. He relates that at first, through ignorance of the methods of banking, his colleagues objected to his recommendations, but that in the end they consented to be guided by

[1] *Act of Parliament for erecting a Bank of Scotland*, p. 7.

[2] *Ibid.*, pp. 6, 7.

[3] *Ibid.*, p. 6.

[4] *A Historical Account of the Bank of Scotland*, Edinburgh, 1728, p. 2.

[5] *A Premonitor Warning or Advice* [by J. Armour of Glasgow], Edinburgh, 1702, p. 7.

his experience[1]. These facts account for the arrangement, which also obtained in the Scots linen manufacture, that the deputy-governor and half the directors should be Scotsmen residing in Scotland, and the governor and the remaining twelve directors represented the shareholders living in England[2].

It was not long before the bank began business. On the completion of the subscriptions in January 1696, 10 per cent. of the total—this being the amount specified in the act as payable on application—was collected from the proprietors, amounting to £120,000 Scots or £10,000 sterling[3]. Notes were issued for £100, £50, £20, £10 and £5 sterling; and the bank made loans on heritable and personal bonds and by the discount of inland bills. It was in this way that it placed its notes in the hands of the public. In order to facilitate inland exchange, branches at Aberdeen, Dundee, Glasgow and Montrose had been opened by April 9th, 1696, but it was found necessary to close the first and last named on Dec. 24th of the same year. These were the main classes of business transacted[4], deposit-banking not having been begun at this time.

Once business was started, the bank had soon to meet a very dangerous competitor in the Darien company, which began to issue notes during the first year of the bank's existence[5]. This constitutes one of the very many instances of the invasion of the monopoly of an early company. The Darien company circulated notes to a considerable value, which were forced into circulation, partly by being used in making payments, and partly by being issued to proprietors in the form of a loan on the security of their stock in the company[6]. The directors of the bank were considerably perturbed by such competition; but popular feeling, in favour of the Darien company, was so strong, even amongst bank shareholders, that Holland was afraid to risk making any attempt to restrain his rivals from the issue of notes. The bank saw that, if a contest were begun "it might suffer an affront in its infancy by a demand greater than its

[1] *The Ruine of the Bank of England, ut supra.*

[2] *Historical Account of the Bank of Scotland*, p. 2.

[3] From the Records of the Bank.

[4] *Historical Account of the Bank of Scotland*, p. 3; *The History of Banking in Scotland*, by A. W. Kerr, p. 23; *The One Pound Note*, by William Graham, 1886, p. 3. The Glasgow branch was closed on January 3rd, 1697, and that at Dundee on October 6th, 1698.

[5] There is an impression of the plate from which these notes were printed in *The Darien Papers* (Bannatyne Club), p. xxix., and a reproduction of some of them in *A History of William Paterson and the Darien Company*, by J. S. Barbour, 1907, p. 32.

[6] *Historical Account of the Bank of Scotland*, p. 4. The Darien company, while invading the spirit of the act founding the bank, was protected by the letter, which bound the legislature not to establish "any distinct company of bank." The Darien company had decided to issue notes by June 18th, 1696 (*Darien Papers, ut supra*, p. 9).

cash[1]." Therefore its policy was to "lie by" for a little, and endeavour to maintain its credit. This appears to have been seriously strained, for it became necessary in September to ask for a payment by the proprietors of 20 per cent. It would appear that the £20,000 realized was not considered as an addition to the permanent paid up capital; but, as happened in the case of a similar call in 1704, as a loan to the bank. An official of the bank speaks of "some loss" having been incurred at this time[2]; and it was popularly reported that, during the early years of its existence, "common interest had not been made[3]." Not only was the credit of the bank threatened, but business was almost suspended. As time went on, the reckless nature of the banking operations of the Darien company resulted in a serious check to its financial status, even before the disastrous consequences of the first expedition to New Caledonia were known[4].

No sooner had this difficulty, "which was thought greater than any the company could ever meet afterwards," been surmounted than "negotiations" were recommenced. It shows how great were the impediments to communication between important towns in Scotland, owing in some degree to the rigidity of the interpretation of the privileges of the Royal Burghs, that there were very few remittances to be made from Edinburgh to the provinces, and hence "the money, that was once lodged at any of those places by the cashiers issuing bills payable at Edinburgh, could not be withdrawn thence by bills from Edinburgh[5]." It was considered also that the exchange trade, besides being an encroachment on private merchants, was "very troublesome, unsafe, and improper." For these reasons the Glasgow branch—the only one now remaining of those opened in 1696—was closed in 1698 and the bank "brought its money back by horse carriage to Edinburgh." Another effort towards the extension of business appears to have been made about 1699, when the issue of notes of 20*s.* sterling was proposed, but it was not until 1704 that the scheme was carried out[6].

Scarcely had the competition of the Darien company ceased when the bank was subject to a fresh trial, this time arising out of the mediæval legislation against usury. By an act, 1 Charles II. cap. 49, interest on loans was fixed on certain conditions at 5 per cent. In 1696 or 1697 the bank had lent £200 at 4 per cent., subject to payment being made within

[1] *Historical Account of the Bank of Scotland*, p. 4.

[2] *Ibid.*, p. 4.

[3] *A Premonitor Warning, ut supra*, p. 7.

[4] *Historical Account of the Bank of Scotland*, p. 4; *vide supra*, II. pp. 218–21.

[5] *Historical Account of the Bank of Scotland*, p. 5.

[6] Extract from the records of the bank taken by Mr J. S. Barbour in *History of Banking in Scotland*, by A. W. Kerr (1902), pp. 335, 336.

thirty days. If the loan remained outstanding for a longer term, the rate was to be 6 per cent. This agreement led to an interesting action. The debtor pleaded that he could not be held liable for more than the legal rate of 5 per cent.—a contention, which if established, would have had serious consequences for the bank. Counsel for the other side relied partly on the powers, given by the act of 1695, of making by-laws, partly "on the evident ease of 2 per cent. in case of punctual payment, while the exacting six per cent. is but like a penalty or timely failing in a bond and cannot be accounted usury." On behalf of the debtor it was replied that "private paction cannot derogate from public law"; and that, if the bank's contention were accepted, 7 per cent. or 8 per cent. might on similar grounds have been inserted. The Lords divided on this point as being new, and the plurality found that 6 per cent. was due, "not as an annual rent but as damages liquidated between the parties[1]."

From 1699 to 1706 the bank of Scotland narrowly escaped being drawn down in the collapse of the Darien company. It is most instructive to compare the position of affairs in Scotland with the analogous relation between the Bank of England and the South Sea company. The latter, like the Darien company, had the support of the government; and, in providing financial assistance in 1720, the Bank of England barely escaped failure. The under-current of hostility between the two Scottish companies prevented the bank of Scotland from becoming involved on behalf of the Darien company—yet the difficulties of the larger undertaking brought the bank into very troubled waters.

The foundation of the Darien company was the culmination of Scottish commercial policy, and the whole fate of the country's trade was staked on the success of its colony. To raise the capital required for this enterprize, as well as for the numerous recently established manufactures, wealth, that was ear-marked for the personal expenses of the better classes, was utilized as capital. Therefore the nation, as a whole, was in the position of a speculator, who cannot afford to wait for a distant return, however great, but must have quick results to discharge his liabilities as they mature. In other words what is sometimes called "consumption capital" had been used as fixed capital, with the result that the nation was denuded of money owing to the exports of bullion to pay for ships, stores, and machinery for the new colonial and manufacturing enterprizes[2]. Had the Darien scheme begun to yield a profit on its first voyage, the country would have experienced little more than

[1] *Dictionary of Legal Decisions*, p. 16,419.

[2] Cf. Giffen—"to a certain extent, however, they [*i.e.* investments beyond the savings of a community] can be made. Unawares, a portion of the means required for consumption may be diverted to fixed investments." *Stock Exchange Securities*, p. 21.

a temporary pressure; and, with high hopes of a colonial empire, credit, while somewhat strained, might have remained good. As a matter of fact the capital called up by the Darien company (which many of the stockholders could not afford to pay) was, at the best, indefinitely locked up and, at the worst, was a total loss. Add to this the amounts invested in manufacturing undertakings, which were unproductive, and it follows that more than the available capital resources of Scotland for new enterprizes had been either lost or at least was temporarily unremunerative.

Soon the pinch began to be felt, there were many failures and widespread distress. The general credit had sunk so low that "men of very good fortunes could not procure money to answer their necessary demands[1]." Every one felt the cessation of industry and the want of money. It is most significant that even shareholders of position in the Newmills company were forced to obtain advances from the managers on account of future dividends likely to accrue to them[2]. "Trade," was described "as ruined; the national stock wasted; the people forsake the country; the rents of lands are unpaid; houses in towns and farms in the country are thrown upon the owners' hands; the creditor cannot have the interest of his money to live on, and the debtor's person and estate are exposed to the law[3]." Under the prevailing mercantilist ideas there was a general impression that the remedy was to be found in an increase of the circulating medium. No device succeeded, for obvious reasons, in adding to the quantity of metallic money in circulation, and like causes prevented a material expansion in the issues of bank-notes. But the very success of the system of a note-issue of the bank directed popular attention to the subject of paper-money; and, from 1699, there were numerous proposals for the creation of inconvertible paper currencies of various kinds. Such proposals, involving as they did, the issue of paper-money either by the State, by municipalities or private persons, all tended towards the abrogation of the monopoly of the bank of Scotland, and they were therefore considered prejudicial to its prosperity. In the case of the Bank of England attempts of the same kind had been made, but these were not so long sustained as the unsound money campaign in Scotland, and it was a significant fact that the acceptance of the project for a land bank in England by the House of Commons had caused a fall of £24 per cent. in Bank stock within a fortnight[4].

[1] *The Occasion of Scotland's Decay in Trade* [1705] (Advocates' Library Pamphlets).

[2] *The Records of a Scottish Cloth Manufactory at New Mills, Haddingtonshire,* 1681–1703, edited by W. R. Scott (Scottish Hist. Soc. 1905), pp. 245, 248, 291.

[3] *Money and Trade Considered: With a Proposal for supplying the Nation with Money,* by John Law, 1705, Chap. VIII. (in Somers' *Tracts,* 1751, XVI. p. 383).

[4] *The First Nine Years of the Bank of England,* by J. E. Thorold Rogers, Oxford, 1887, p. 50; *vide supra,* pp. 208, 209, 244.

The first Scottish scheme was brought before Parliament in 1699. It was suggested that notes should be issued by the State to the extent of £300,000 sterling in denominations ranging from £100 sterling to 1*s*. sterling. These notes were to be divided amongst the burghs proportionately to their contributions to the national taxes; but, of the total amount due each burgh on this basis, only $\frac{4}{5}$ths was payable in the proposed paper-money. The remaining $\frac{1}{5}$th, being notes of the nominal value of £60,000 sterling, was to be a national joint-stock for trade at home and abroad[1]. Burgesses were to receive such notes in satisfaction of debts due them, and each burgh would be allowed to pay one-tenth of its contribution to the public taxes in the same way. As the notes were returned to the national exchequer they were to be destroyed, so that in time the whole issue would be cancelled[2]. This proposal had the usual characteristics of schemes for an inconvertible paper currency. It was to have a forced circulation, and it promised redemption. There was latent in it the danger that the issue would not be limited to the specified amount.

The time was now ripe for the appearance of Hugh Chamberlain, who had schemes for the raising of a credit system on the security of land[3]. It is stated that he had "with the project in England broke and spent so great a part of his own money that he was necessitated to fly out of the Kingdom[4]." The best commentary on the somewhat cryptic nature of his earlier proposals is to be found in the revised editions submitted to the Scottish Parliament. The following may be taken as a characteristic example of his methods as explained to the English public: "the proposer lends the sum of £8,000 on the security of £150 per annum for 150 years at the yearly interest of only twenty-five shillings for every £100, to continue for 100 years and never return the principal, or five shillings interest and return the principal by twenty shillings a year for every £100, or (which is to the like purpose) the bank gives 80 years' purchase for a rent charge of £100 for 100 years[5]." The earliest scheme brought forward by Chamberlain in Scotland, in 1701–2, very closely resembles the third of the three methods outlined in

[1] On the basis of this scheme it was proposed in 1701 to form a "*Society anent Export and Import*," to the capital of which the New Mills company undertook to subscribe £1,200 Scots in three equal instalments—*Records of a Scottish Cloth Manufactory, ut supra*, p. 287.

[2] Parliamentary Papers, 1699 (General Register House Edinburgh)—Proposal for advancing Trade.

[3] *Vide supra*, p. 208.

[4] MS. "Memoirs concerning the affairs of Scotland from Queen Anne's Accession to the Throne to the Commencement of the Union of the Two Kingdoms" (Lib. Univ. St Andrews BN. 3. 77), p. 59*.

[5] Rogers, *First Nine Years of the Bank of England*, p. 53.

his London advertisement of 1696. He points out the advantage a country enjoys when money is abundant and goes on to argue "that bills of credit, founded upon land and strengthened by the sanction of the law and made in a form incapable of forgery, will be an excellent medium of trade, equal in all respects to gold and in many respects superior to it[1]." Trustees were to be appointed, who would receive conveyances of non-encumbered estates which the proprietors were prepared to pledge to the proposed "land credit bank." The trustees would then lend the proprietor a sum equal to 100 times the present annual value of the pledged estate, payable in the notes of the bank. The land-owner became the tenant of the land bank and undertook to repay the amount in the form of a rent, payable also in land bank notes for 100 years at the expiration of which period the paper-money created would be returned and destroyed. The proposed bank was not only to create credit, but to act as a trading institution. The heritors and proprietors, who pledged their lands, were to be incorporated. The notes returned to the bank were not to be destroyed immediately but to be allocated as follows: 30 per cent. would be utilized as capital for trading operations as the capital subscribed by the individual proprietor that had paid them in, 40 per cent. reverted to the proprietor, 10 per cent. was to be devoted to relief of taxation and the remaining 20 per cent. was retainable by Chamberlain as a payment for promotion. How the ultimate cancellation of the obligations was to be effected does not appear[2].

A revised version of the scheme was published by Chamberlain's Scottish partner, James Armour, in 1702. Loans were to be made in notes of the land bank as before, but repayment would be distributed over a period of only 29 years, the annual amount of which would be at the rate of 4 per cent. on the sum advanced. This interest was payable, as to three-quarters in notes of the land bank and the other quarter must be lodged in cash. The latter receipts would be utilized as capital for a trading venture, the benefits of which would accrue to the subscribers. It was a characteristic of this scheme also, that the notes should be cancelled at the end of the 29 years, but at that date only 87 per cent. would have been returned to the office, so that it must have been contemplated that the bank, in its trading capacity, would have made sufficient profits to cancel the outstanding 13 per cent.[3] If we try to

[1] *Proposals of Dr Chamberlain* [Advocates' Library Pamphlets, Brit. Mus. 1139.e.15]; *Papers relating to a Bank of Credit upon Land Security* [Brit. Mus. 1139.h.18].

[2] *Ibid.*

[3] *A Premonitor Warning or Advice*, pp. 9, 10. In 1696 there had appeared a tract entitled *A Proposal to supply the Defect of Money*, which, from internal evidence, may be attributed to Armour.

imagine the position of a proprietor considering the proposal of 1702, it might take shape in his mind as giving the immediate advantage of securing a mortgage at much less than the current rate of interest. Not only so, but there was the contingent benefit that, supposing the proposed trading side of the land credit succeeded, his dividends from it might reimburse him a large part of the interest he had paid. On an average profit of 20 per cent. on the proposed trading capital, calculated as accruing from the payment of each instalment of interest receivable in cash, such profit would repay nearly the whole of the remaining interest which was to be returned in notes. Thus the proprietor, who joined the scheme, would have his original loan for nothing and a dividend-paying investment besides.

The fallacies of such a project—as for instance the inevitable depreciation of the obligations of the land bank—have been sufficiently insisted on by many writers. But to obtain the true historical perspective it is necessary to learn how a financial juggle, of the species described, appeared to the men who were affected by it. That Chamberlain's proposals were considered worth investigation is proved by the fact that the bank of Scotland expressed a desire to be furnished with details of the scheme. The proposer of the scheme had an interview with the directors at the request of the court and produced papers and tables, showing the profit that would accrue to the bank, if the project were carried into practice. After some consideration the bank replied that the scheme "did not agree with their present management," and declined to assist it[1].

Many other propositions of a similar nature were freely discussed, and the effect of such efforts to tamper with the currency was very prejudicial to the bank, in restricting the circulation of its notes. This might be described as the Scylla of Scottish currency problems at the time. The Charybdis was the opposite tendency to remedy the debasement of the current money and raise it to the English standard. It was on the latter rock that the bank came near making shipwreck. There were some who maintained that the monetary stringency was attributable to the depreciation of the currency, and one writer quotes with keen enjoyment a remark supposed to be made by "Lord Burleigh in Queen Elizabeth's time" that "all the other remedies of banks, loans and such like raggends of wit were monte-bank receipts for State-evils[2]." In December 1704, a rumour spread over the whole kingdom that the Privy Council was about to "raise the value of the several current

[1] *A Premonitor Warning or Advice, ut supra*, p. 7.

[2] *A Proposition for Remedying the Debasement of Coyne in Scotland*, [Lib. Univ. St Andrews $\frac{\text{C. 10. 26}}{19}$], p. 5.

species[1]." When the remedy for the depreciation of the currency was interpreted in this sense, there would be an obvious gain in holding the "species" to be raised in value, and therefore there was a great demand for cash in exchange for bank-notes. It was alleged that the bank had exported bullion, and that the chief money, circulating amongst merchants, consisted of bank-paper[2]. However this may have been, the management was taken unawares and on December 18th, 1704, the cash being exhausted, it was necessary to suspend payment of notes[3].

Though the bank met with this misfortune, its position was not unsound. According to one writer, "the stoppage was foreseen and might have been prevented." The scarcity of metallic money was aggravated by recent exports of bullion, and the bank endeavoured to provide money for small currency, by issuing £1 sterling notes (*i.e.* notes for £12 Scots)[4]. It had been in the habit of holding cash against one-quarter to one-fifth of the nominal amount of its notes in circulation[5]. Whether this limit had been over-passed or not is by no means clear, and an examination of the books was made on the day after the stoppage, as a result of which the following balance sheet was drawn up:

Bank of Scotland[6].

Debit.

	£	*s.*	*d.*	£	*s.*	*d.*
1704. Dec. 19th.						
To Bank Bills charged upon the Treasurer p. accop. in Ledger d. fol. 3...	146,735	0	0			
Deduct for so much thereof in the Treasurer's hands this day ...	95,888	0	0			
Remains nett of Bills running throughout kingdom				50,847	0	0
Ballance due to the Adventurers ...				12,352	0	$8\frac{1}{6}$
Summa				£63,199	0	$8\frac{1}{6}$

Credit.

	£	*s.*	*d.*
1704. Dec. 19th.			
By cash in Treasurer's hands, remaining in old Merks ...	1,600	0	0
By debts due upon Heritable Bond, per particular a/c, besides interest thereon	21,968	6	8
By debts due upon mov[1] Bond, p. particulars, besides running interest as above	27,682	8	$5\frac{1}{2}$
By Inland Bills, due per particular list besides running interest	11,253	16	8
By the Bank office, for the first coast of their house besides al reparations	694	8	$10\frac{2}{3}$
Summa	£63,199	0	$8\frac{1}{6}$

[1] *Historical Account of the Bank of Scotland, ut supra*, p. 7.

[2] *The Circumstances of Scotland considered*, 1705, p. 5.

[3] *Memorial and Intimation of the Governor and Company of the Bank of Scotland*, 1704, reprinted in *A Century of Banking in Dundee*, by C. W. Boase, Edinburgh, 1867, pp. 19, 20.

[4] *Money and Trade Considered* [by John Law], Edinburgh, 1705, p. 39.

[5] *Ibid.*, p. 38; MS. Pamphlet on a Land Bank by Patrick Campbell of Monzie, quoted in *The One Pound Note*, p. 21.

[6] *A Century of Banking in Dundee*, by C. W. Boase, Edinburgh, 1867, p. 21.

This account is interesting as showing that the liabilities consisted altogether of outstanding notes, and also that the bank had been influenced by land credit schemes in making loans to the extent of over 43 per cent. of its total liabilities on heritable property. The excess of assets over liabilities amounted to £12,352, which left the small sum of £2,352 as profit, after deducting the paid up capital of £10,000 or 23½ per cent. The payment of a dividend of 20 per cent. in the spring of 1705 shows that there was no attempt to form a reserve fund at this date. In fact the early policy of the directors seems to have involved the division of almost all the profits made; and, up to the time of the suspension of cash-payments, 90 per cent. had been distributed. The prices realized depended on the dividends. In 1699 the former varied from £130 to £133 Scots for the £100 Scots paid up, and in April 1704, 191½ was recorded as against a book-value in the following December of only 123½[1].

The governor and directors took prompt measures to allay public anxiety. The adventurers authorized the court to postpone cash payments for two months, if necessary, and the notes were to bear interest till they could be redeemed—a stage reached on May 1st, 1705[2]. A call was made from the shareholders of 10 per cent., realizing £10,000 sterling, by way of loan, which bore interest of about 5 per cent., and did not rank for dividend. By March 1706 one-half of the amount was repaid and the remainder before the end of the year[3].

This and the previous call of 20 per cent. had not been favourably received by the English shareholders, and many refused to pay, with the result that their shares were sold[4]. The effect of these and other sales, as well as the suspension of 1704, was to reduce the price recorded in 1706 to 178½. The withdrawal of shareholders, resident in England, caused a change in the management of the bank. At its inception half the court had been elected by Scottish, half by English shareholders[5]. Gradually more and more of the capital came to be owned in Scotland, and the whole court was composed of Scotsmen, thirteen trustees being chosen from the English proprietors to control affairs in London. Not long afterwards the number of shareholders, resident in London, fell below thirteen, and the appointment of trustees came to an end[6].

By a curious coincidence, the fact that the bank was able to carry on business, during the suspension, was adduced as an argument in

[1] *Vide infra, Summary of Capital, Dividends and Prices,* p. 274.
[2] *Edinburgh Courant,* No. 85.
[3] *Ibid.,* No. 118.
[4] *Historical Account of the Bank of Scotland,* p. 4.
[5] *Vide supra,* p. 256.
[6] *Historical Account of the Bank of Scotland,* p. 3.

favour of unsound money—thus Law supports his proposals for inconvertible paper-money by showing that in the early part of 1705 the notes of the bank "went, though there was no money" [in cash][1]. Therefore the year 1705 was marked by a large number of proposals relating to the money of the country. Chamberlain again came forward suggesting that the notes of his proposed land credit should be issued as tallies, "which would be nothing imaginary, but a solid and real worth, being secured on land which has an intrinsic value as well as gold and silver[2]." As before, the loan made to proprietors was payable in "tallies," created by the land credit office. These tallies were returnable in the payment of interest at 5 per cent., 4 per cent. of which would redeem the principal in 25 years, and the remaining 1 per cent. was retained for the expenses of the office[3].

A peculiar interest is connected with another scheme originated by John Law owing to its constituting the outline of the system which led to the wild speculation in France fifteen years later. According to a contemporary account, he was at this time living "by gaming and sharping and, being a cunning fellow and nicely expert in all manner of debaucheries, found a way quickly to get into my Lord Duke of Argyle's favour and in confidence of his and the Squadroni (with whom he was very intimate) their assistance, he presented a very plausible scheme. All the Court and the Squadroni (except some that were monied men) espoused the same, because it was found that in process of time it brought all the estates of Scotland to depend on the government[4]." Law was acute enough to see that, on Chamberlain's proposals, the depreciation of land credit notes was inevitable. The remedy for the prevailing want of money, developed in *Money and Trade Considered*, was the constituting of a Commission authorized by the State "to coin notes," which should be the only kind of money receivable by this body. These notes were to be circulated, in making loans on land to one-half or two-thirds of its value or in purchasing estates[5]. Another plan, which has been attributed to Law, was the appointment of a similar Commission, which would employ the notes it issued in establishing a national fishery. The interest on the notes was to be a charge on "the first and readiest profits" of the undertaking, and was payable

[1] *Money and Trade Considered*, 1705, p. 94.

[2] *Proposals of Dr Hugh Chamberlen and James Armour for a Land Credit*, 1705, p. 5.

[3] *Ibid.*, pp. 1–4.

[4] MS. "Memorials concerning the Affairs of Scotland from Queen Anne's Accession to the Throne to the Commencement of the Union of the two Kingdoms of England and Scotland in May 1707" [Univ. Lib. St Andrews BN. 3. 77], p. 59*.

[5] Pp. 85, 86; cf. *Money and Monetary Problems*, by J. S. Nicholson, London, 1901, p. 176.

in gold at the rate of 3 per cent.[1] Yet another proposition reverted to the idea of a land bank, suggesting a loan in notes of this bank, repayable in similar paper in twenty equal instalments[2]. A further project described as "a land-mint" reached the stage of presenting an overture of an act, which might perhaps be described as a mutual land bank. This undertaking was to be divided into 1,000 shares, of which any subscriber might acquire from one to twenty by giving good land security to the value of £100 sterling against each that he took up. When 200 shares had been allotted the land-mint was to begin operations by "coining notes upon land[3]."

The public ignorance of finance may be gathered, not only from schemes such as those already noticed but even more clearly from others less honest. One projector, in an overture submitted to Parliament, states that "he had his thoughts on paper-money as much as any man, and was for some time of opinion that it wanted nothing but an act of Parliament to give it a currency, but upon riper thoughts it is evident no human power can force faith," and therefore, it is concluded, paper-money is not a proper expedient to remedy distress[4]. If faith could not be forced, the author is of opinion it could be deceived by what he appropriately describes as "lye-money." The arguments are as old as the debasement of currencies, what is new is the hint that the bank of Scotland should be made the agent of the government in the fraud. It was contemplated to obtain deposits of plate to the value of £50,000, and coin it, by the addition of alloy, into cash of the nominal value of £75,000. The owners of plate were to receive £50,000 of the new debased coins, leaving £25,000 to increase the capital of the bank, which could pledge its credit to four times the amount or £100,000. This sum at 4 per cent. would produce £4,000, of which £1,000 is allowed for expenses, and the remaining £3,000 added to the cash already in use. Once the process is started the propounder of it promises remarkable results as may be seen by the following table:

Employment of lye-money by the Bank of Scotland.

Deposit of plate worth £50,000 coined into	£75,000
From which paid owners of plate £50,000	£50,000
Balance utilized by the bank	£25,000

[1] *Two Overtures, &c.—The First for supplying the present scarcity of coyn, and improving Trade: The Writings of William Paterson,* by S. Bannister, II. p. xliii.

[2] Parliamentary Papers, 1704—Overture for Establishing a Land Bank Office, whereby the Nation may be rendered rich and happy.

[3] Parliamentary Papers, 1705—Act for a Land-Mint.

[4] Parliamentary Papers, 1705—*Money Encreased and Credit Raised,* Edinburgh, 1705, pp. 1, 2.

Year	Gross profit, being 4 °/₀ on credit of previous year	Less expenses	Nett profit, being added to cash of previous year	Cash	Credit being four times "cash"
1				25,000	100,000
2	4,000	1,000	3,000	28,000	112,000
3	4,480	1,000	3,480	31,480	125,920
4	5,036	1,000	4,036	35,516	142,064
5	5,682	1,000	4,682	40,198	160,792
6	6,431	1,000	5,431	45,629	182,516
7	7,302	1,000	6,302	51,931	207,724
	8,309	1,000	7,309		

Thus, according to these figures, there would remain an aggregate gain at the end of seven years, sufficient to make good the amount extracted from the "lye" coinage and a balance of profit besides. It was fortunate that, in the midst of these and other wild proposals for tampering with the currency, there remained a body of sound opinion. The author of *the Occasion of Scotland's Decay in Trade*, Edinburgh, 1705, supposed by some to have been Paterson, lays down the axiom that "no bank can succeed without a considerable fund of cash to answer necessary demands." This fact constitutes the radical objection to Law's scheme "of an imaginary credit on tallies or notes," as well as to the obligations of a land bank. It is argued that the forced circulation of inconvertible paper-money would lead to the hoarding of cash, with the result that metallic money would soon command a premium, while conversely the tallies or notes of a land bank would begin to depreciate. It is also asserted that such paper-money would not be accepted at home, and as a consequence trade would be impeded and foreign commerce (on the assumption that Scotland had an excess of imports over exports in value) could only last as long as merchants had bullion to export[1]. This tract deserves praise as taking a firm stand on the question of metallic money; and doubtless this and similar arguments had weight with Parliament, which in 1705 "agreed that the forcing of any paper credit by act of Parliament was unfit for this nation[2]."

The resolution of the Estates disposed of the attempts to introduce inconvertible paper, and the next important event in the history of the bank of Scotland was the reform of the coinage as ordained by the Act of Union. The bank of Scotland gained some credit by a mistake of the Bank of England. The latter, on the payment of "the Equivalent," due to Scotland, sent £100,000 in cash and £298,085. 10*s.* in Exchequer Bills, with a view to circulating English paper-money in Scotland.

[1] Reprinted in *The Writings of William Paterson, ut supra,* II. pp. li., lii.

[2] *Acts of the Parliaments of Scotland,* XI. p. 218.

Scotsmen indignantly rejected the Bills, and it was stated that the payment in cash of the greater part of the amount, due by England, might have been avoided, had the bank of Scotland been entrusted with a share in the operation[1]. Probably it was for this reason that the Scottish bank obtained the privilege of acting as agent for the government, in calling in the existing Scots currency and issuing sterling money in exchange for it. For the trouble involved, the bank received a commission of one-half per cent.[2] The value of the coins called in is stated to have been £411,117. 10*s.* 9*d.* sterling, so that the commission, though small in amount, equalled more than 20 per cent. dividend[3]. The indirect results were even more satisfactory, for the bank was able to offer notes or sterling coin in exchange for the Scots money paid in, and this experience brought the directors to see the advantage of accepting deposits.

The eight years from the Union to the Rebellion of 1715 might be described as the most profitable in the early history of the bank. In the *nine* years from 1699, when a dividend was first declared, 126 per cent. or an average of 14 per cent. was paid, while in the *eight* years from 1708 to 1715 distributions were made of 178 per cent. or an average of $22\frac{1}{4}$ per cent.—those paid in 1713, 1714, 1715 being 30 per cent. each year. Besides, the directors believed that the bank enjoyed the support of the government, and it was not thought necessary to apply formally for a renewal of the monopoly, which was due to expire in 1716. Even before the Union, this question was discussed by the management, but it was considered that no Scots Parliament would sanction a rival bank; and, after the Union, they were of opinion that no institution founded by "foreign" (*i.e.* English) capital would obtain public support—a dream that was rudely dispelled in 1727[4]. The recorded quotations of the shares show a similar confidence on the part of investors. From the price of $178\frac{1}{2}$ in July 1706, the quotation had risen to between 190 and 204 in 1709 and had further advanced to $227\frac{2}{3}$ in 1715.

These years of prosperity appear to have lulled both shareholders and directors into a false security. As early as 1705, when, as has been shown, the monetary position was critical, the adventurers did not attend the general meeting in sufficient numbers to form a quorum, and it was necessary to "desire and entreat them" to be present at the adjournment[5]. The conservative policy of the directors in the first

[1] *The History of the Union* [by Defoe], 1709, Appendix, p. 22.

[2] *Historical Account of the Bank of Scotland*, p. 9.

[3] *An Introduction to Mr James Anderson's Diplomata Scotiæ*, by Thomas Ruddiman, 1773, p. 175.

[4] *Historical Account of the Bank of Scotland*, p. 28.

[5] *Edinburgh Courant* (26 March, 1705), No. 16.

few years of the eighteenth century had become accentuated as time went on, and there was a want of foresight in meeting new developments or being prepared for emergencies. The bank suffered from this attitude in 1715, when, through the Rebellion, there was a run; and, after it had lasted for about eleven days, payment was suspended[1]. The bank alleged that the suspension was due to the fact that the cash, held on behalf of the government, was lodged at the castle to prevent its falling into the hands of the rebels[2]; but, if there was sufficient cash to meet the demands, there should have been no insuperable difficulty in securing the deposits of the government and at the same time honouring the obligations of the bank. If the statement is intended to suggest that the suspension was engineered from within the institution with a view to prevent disaffected persons from obtaining cash, it would generally be held that the officials of the bank had no right to usurp the functions of the judicature, or to make the loyal suffer with the disloyal. It would appear that either losses were made at this time, or else that the total profits were not now divided, as seems to have been the case in the past. In 1716 no dividend was paid, and for the next four years the distribution was at the average rate of 18¾ per cent., as compared with 30 per cent. for each of the three years 1713, 1714, 1715.

After the Rebellion there was a want of enterprize in the policy of the bank. Before the Union, the ports of the East Coast had been the chief trading centres, and the commercial pre-eminence of the district round the Forth was unquestioned. After the Union the withdrawal of the Scottish protective system damaged for a time the trade of the East, but as a compensation, the opening of the colonial trade brought a very remarkable prosperity to Glasgow and the West. The bank of Scotland had not given sufficient attention to the new commercial developments, and therefore complaints were soon made that Scotland wanted more banking facilities[3]. Therefore from 1719 there were numerous propositions to widen the area of the bank's operations, at first by an addition to its capital; and later, when these were declined, by the establishment of a rival institution in 1727.

The earliest proposal for increasing the capital of the bank came from a group of the holders of Equivalent Debentures—this stock having been issued at the time of the Union to provide "the Equivalent" due to Scotland. On the precedent of the Bank of England and the Million bank, it was proposed that holders of these Debentures, owning in all £250,000 of the bonds, should add these to the capital of the bank. The effect of the operation, so far, would have been that the capital of

[1] *The One Pound Note, ut supra,* p. 26.

[2] *Historical Account of the Bank of Scotland,* p. 10.

[3] *Ibid.,* p. 11.

the bank would have stood at £350,000, of which £100,000 sterling (being the original capital) would have been paid to the extent of £10,000 sterling and the remaining £250,000, being the subscribed Equivalent Debentures, would have been fully paid. The interest on these Debentures, which were a 4 per cent. stock, would have been transferred to the bank.

To avoid the confusion of a co-existing fully paid and partly paid capital, it was further suggested that, inasmuch as bank shares had only 10 per cent. paid, the new Equivalent capital should be transformed to the same footing. This was to be effected by the bank paying the subscribing Equivalent Debenture holders nine-tenths of their bonds in bank bills at 5 per cent., leaving £25,000 outstanding. This £25,000 was to be added to the paid-up capital, making the new capital £350,000 authorized and £35,000 paid up. The bank, as reconstituted, was to receive the £10,000 annual interest on the Debentures, £600 for management, and the benefit of £2,000 per annum allowed for all pretensions of growing equivalents, due to Scotland, and the disposal of £14,000 for encouragement of the Scottish woollen industry[1].

This scheme would have been justifiable to the bank shareholders only had they been in serious want of new capital, which could not have been raised except on onerous terms. As a matter of fact the directors believed that they did not need any fresh capital; and, even had they required it, the proprietors were willing to subscribe the sums asked, as they did some years afterwards. The new shareholders would have gained to a large extent at the expense of the old. For a 4 per cent. Equivalent Debenture, the owner would receive £90 in bank bills, paying him at the rate of 5 per cent., and £10 in bank shares. Supposing the dividend of 20 per cent., paid in 1719, could have been maintained, there would have been the following advantages in making the exchange:

Position of owner of £100 Equivalent Debenture.

Prior to exchange under scheme for amalgamation	After exchange on amalgamation	£	s.	d.
£100 at 4 °/。—Income £4	90 °/。 in Bank Bills at 5 °/。 yield ...	4	10	0
	10 °/。 in Bank Stock at 20 °/。 yield ...	2	0	0
		£6	10	0

This meant a gain of 62½ per cent. in income to the new shareholders, but with a slightly decreased security. Conversely, there would have been a material loss in the income apportionable amongst the original shareholders, who, to gain £225,000 government stock, paying

[1] *Historical Account of the Bank of Scotland*, pp. 12, 13.

4 per cent., would have to give 5 per cent., besides surrendering five-sevenths of the profits made under the new system. Whether business would have expanded sufficiently to increase the bank's income to a material degree is doubtful.

Another point to which attention is drawn was the position of affairs, should the bank fail. The new shareholders would only lose the 10 per cent. they held in bank stock, whereas the bank itself would have to make good £225,000 at 5 per cent., for which they had received £250,000 at 4 per cent.[1] Besides these objections, there was, in addition, the important consideration, that an enormous increase in the liabilities of the bank would have been accompanied by no addition to its resources in cash; for, although for book-keeping purposes, the Equivalent Debentures would rank as "government securities," in the first quarter of the eighteenth century such Debentures were far from having the ready market open to a trustee-stock at the present day. At the same time, while the bank was well-advised in declining this particular proposal, it should not have adopted a *non possumus* attitude to the demand for increased banking facilities, and it was from this position of the bank itself that the danger of further opposition arose.

The proposer of the plan for extending the capital of the bank by the inclusion of the Equivalent Debenture holders, received the rejection of his overtures with a considerable amount of heat, and set himself to the formation of another scheme, which it was thought would compel the bank to receive new subscribers. In the next year (1720) he joined with seventy-four others in forming a company known as *the Edinburgh Society for Insuring Houses against loss by Fire*. There seems reason to believe that this was not a *bona fide* insurance undertaking; because, at this time, there was already in existence, another company, which was doing a good business. In any case, it soon became evident that the Edinburgh Society was not destined to obtain support in effecting fire insurances. The management then declared that "insurance was the small—yea the meanest part of their designs," and to mature their wider plans a Committee of Secrecy was appointed. Subsequent events showed the nature of the deliberations of this body. They collected about £8,400 in notes of the bank of Scotland and in actions of the South Sea company. At the same time it was arranged that efforts should be made to induce the public departments to withdraw their deposits. Accordingly, the notes were presented, and the Commissioners of the Equivalent withdrew the deposits standing to their credit. However the bank was able to meet both classes of demands for payment, and the attempted run proved a fiasco. Still the Edinburgh Society

[1] *Historical Account of the Bank of Scotland*, p. 15.

thought that the bank would be more disposed, after an unpleasant experience of this kind, to accept certain proposals which were now submitted. These were framed on the model of the amalgamation between the Old and the New East India companies[1] and provided that the Edinburgh Society should purchase from the present adventurers in the bank, 600 shares (or exactly one-half of the total capital) at £200 Scots or a premium of 100 per cent. It was evidently contemplated that each shareholder in the bank should sell one-half of his shares; and, to prevent an "interregnum" owing to directors becoming disqualified, it was proposed that, in any case where a qualification was reduced below the statutory amount, the completion of the transfer should be postponed till after the next meeting.

The bank refused in peremptory terms to entertain this arrangement. The Edinburgh Society made the mistake of offering a price to the adventurers, which was lower than that realized at the last sale—the latter having been 260[2], as against 200 now tendered. Apart from this, the directors saw that once an arrangement of the kind suggested was carried into effect, there would be danger of competitive bidding for shares by both parties so as to obtain control of the bank. The dispute, as far as it affected the Edinburgh Society in its corporate capacity, came to an abrupt conclusion by the dissolution of that company through the enforcement of the "Act against Stock-jobbing[3]," but the same interests remained hostile to the bank and at last succeeded in obtaining the establishment of the Royal bank in 1727.

It is a common experience that those, who have a fair case, enforce it by bad arguments. The bank of Scotland at this period was scarcely doing all a national bank should have done for the trade of the country. But the most that could, in justice, be alleged against it was that the management was ultra-conservative—and if any deviation from perfection is permissible, this was the side on which safety lay in view of the currency schemes of 1702–5 and the speculation at London in 1720. It weakened the case of the opponents of the bank to allege that it had failed in its duties in refusing to lend on its own stock. This course was disastrous in the cases of the Darien and South Sea companies; and, as rightly shown by the bank, would have lessened the security of the public[4]. The reply to another charge, namely that the expenses

[1] *Vide supra,* II. pp. 169–73, 186–8.

[2] One of the inducements to subscribers in the joint-stock of a bank at Dublin in the summer of 1720 was the statement that shares of £100 [Scots] in the bank of Scotland sold for £250 [Scots]—MS. Letters of Archbishop King, Library, Trinity College, Dublin, N. 3. 7, f. 50.

[3] *Historical Account of the Bank of Scotland,* pp. 16–19.

[4] *Ibid.,* pp. 37, 38.

of transfers were too great, brings to light interesting evidence as to the cost of buying and selling shares at this period. The stamp duty was 6*s*. 9*d*. and the fee payable to the bank, by both transferror and transferee, was 20*d*. sterling per share, this amounting to exactly 1 per cent. by each of the two parties on the paid up capital, and one-tenth per cent. on the nominal value of the stock[1].

Summary of Capital, Dividends and Prices of Shares[2] 1699–1720.

Capital.

The capital, authorized by the act of 1695, was £1,200,000 Scots, equal to £100,000 sterling. A deposit of 10 per cent. was required from applicants for stock, which realized £120,000 Scots or £10,000 sterling. The paid up capital remained at £10,000 to 1720, but in 1696 a call was made for proprietors "to advance" or lend to the bank 20 per cent. of the nominal amount of stock they owned. The resulting payment of £20,000 sterling was regarded as a loan, and ranked for interest as such, not for dividend *pari passu* with the first call of 10 per cent. This £20,000 sterling was repaid in 1698. Again in 1704, another loan of 10 per cent., realizing £10,000, was called up, and this was repaid in 1706. The share consisted of £1,000 Scots nominal or £83. 6*s*. 8*d*., the amount paid up being £100 Scots or £8. 6*s*. 8*d*. sterling.

[1] *Historical Account of the Bank of Scotland*, p. 38.

[2] The materials for these figures have been supplied by the courtesy of the Secretary of the bank of Scotland, Mr Daniel McNeil. I am also indebted to Mr J. S. Barbour, formerly accountant of the bank, for reading and commenting on the MS. of this Section. All quotations of the prices realized for shares were expressed up to 1720 in Scots currency; to give an idea of the value of the transactions in sterling the ratio between the Scots and sterling £ of 12 to 1, mentioned in the company's act has been applied.

Dividends and Prices of Shares.

Dividend		*Prices of Shares*						
Year	Dividend % on £10,000 sterling capital paid up	No. of shares sold	Total amount paid up Scots	Price obtained Scots	Price per share: Scots (par £100)	Price per share: Sterling (par £8. 6*s.* 8*d.*)	Premium %	Date of roup
			£	£ *s.* *d.*	£ *s.* *d.*	£ *s.* *d.*	£	
		6 shares of £1,000 Scots each with £100 Scots paid up	600	780 0 0	130 0 0	10 16 8	30	Jan. 9, 1699
1699	12	3 " " " "	300	393 0 0	131 0 0	10 18 4	31	" "
		3 " " " "	300	396 0 0	132 0 0	11 0 0	32	" "
		10 " " " "	1,000	1,330 0 0	133 0 0	11 1 8	33	" "
1700	nil							
1701	20							
1702	20	3 " " " "	300	450 0 0	150 0 0	12 10 10	50	Dec. 31, 1702
1703	18							
1704	20	6 " " " "	600	1,149 0 0	191 10 0	15 19 2	91½	April 5, 1704
1705	20							
1706	6	3 " " " "	300	535 10 0	178 10 0	14 17 10	78½	July 23, 1706
1707	10							
1708	12							
		4 " " " "	400	760 0 0	190 0 0	15 16 8	90	Feb. 10, 1709
1709	20	4 " " " "	400	792 0 0	198 0 0	16 10 0	98	" "
		8 " " " "	800	1,632 0 0	204 0 0	17 0 0	104	" "
1710	15							
1711	20							
1712	21							
1713	30							
1714	30							
1715	30	3 " " " "	300	683 0 0	227 13 4	18 19 5⅓	127⅔	July 27, 1715
1716	nil							
1717	20							
1718	15							
1719	20	5 " " " "	500	1,300 0 0	260 0 0	21 13 4	160	May 19, 1719
1720	20	On May 5th, 1720, the Edinburgh Society for the insuring houses against loss by fire offered to amalgamate with the bank by purchasing from the bank stockholders 600 shares (or half the total capital) at						

SECTION IV. THE BANK ON TICKETS OF THE MILLION ADVENTURE OR THE MILLION BANK (1695–1796).

THE foundation and history of the institution, formed as "*the Bank on tickets of the Million adventure*," but better known as "the Million Bank," is of considerable interest as supplementing the materials for information relating to the proceedings of the Bank of England. The latter organization had been formed to induce capitalists to furnish the State with a loan; and the government debt, thus established, became the security for the banking business of the company. The same idea was acted on in 1695 by a group of private bankers, who had been in the habit of lending money on pledges[1], with the important modification that the security for their credit was provided, not by a fresh loan to the State but by joining together a number of independent holdings in an existing loan. The security selected was the Million Lottery Loan of 1694 from which (and not as might have been expected from the amount of its capital) the undertaking took its title. The Million Lottery Loan was divided into shares or "tickets" of £10 each, some of which were prize-tickets and the remainder "blanks." The blanks or "unbenefited tickets" received a dividend of 10 per cent. for sixteen years; and, at the expiration of this period (*i.e.* by 1710), the interest ceased, without repayment of the principal[2]. The promoters of the scheme did not endeavour to obtain any charter of incorporation but contented themselves with enrolling a deed, corresponding to a partnership-agreement, in Chancery. The terms of subscription were published in March 1695, and provided that intending members might contribute either in tickets of the Million Lottery Loan or in cash. The money was payable as to 10 per cent. on application, 15 per cent. within 10 days after the first meeting and the remaining 75 per cent. in three calls of 25 per cent. each at Midsummer, Michaelmas and Christmas, respectively. It appears probable that for some years only 50 per cent.

[1] Anderson, *Annals of Commerce*, III. p. 156.

[2] *A History of English Lotteries*, by John Ashton, p. 49, *vide infra*, Division x., Section 5.

was actually called up. The terms on which the shares in the lottery were accepted, in lieu of cash-subscriptions, are of especial interest in view of the fact that this is the first operation on record in which a government security was converted into the stock of a trading company, and this early instance of such a transaction acquires importance from the similar conversions on a very much larger scale undertaken later by the South Sea company. Although the blanks in this lottery were of £10 each nominal, they were quoted in the market in March 1695 from £7 to £7. 1*s.* per ticket. The proposal of the company was to accept seven tickets as equivalent to a cash payment of £50, so that £49. 7*s.*, expended in the purchase of tickets, would secure £50 in stock. A discount of 10*s.* per ticket was allowed for prompt payment and thus thirteen tickets were exchanged for £100 stock. Therefore the transaction may be restated as follows—a person who subscribed £130 in the lottery and failed to draw a prize, might, by prompt application, exchange these tickets (which would have sold for about £91 in the market) for £100 Million bank stock. Prize tickets in the lottery received a varying higher rate of interest for the specified term; and these, on conversion, were allowed half a year's extra purchase, *i.e.* about 14¾ years instead of 14¼. It was also arranged that the promoters of the scheme should receive ½ per cent. on the total subscription. The affairs of the company were to be controlled by a body of twenty-four managers or committees, each of whom must hold at least £500 stock, the minimum qualification for a vote was £300 stock, and it was ordained that no proprietor might have more than one vote[1]. It was also arranged, according to a contemporary advertisement, "that no one would be further answerable than the amount of his stock[2]."

The advantages of this proposal were obvious. The persons who owned shares in the Lottery had only a wasting investment, and both principal and interest disappeared in less than sixteen years. By exchanging their tickets for stock in the Million bank they had a prospect, on the success of the undertaking, of converting a terminable income into a perpetual one. On the other hand, the holding of a large quantity of the Lottery Loan by the bank constituted a fairly adequate, if not an ideal security, for its banking business, and one too which yielded the very high return of 13 per cent. on the price at which the tickets were exchanged into stock.

[1] Houghton, *Collections*, No. 139; *An Abstract of Proposals for the Bank on tickets of the Million Adventure* [Brit. Mus. $\frac{816.\mathrm{m}.10}{20}$]; *List of the Several Reversionary Annuities to which the Million Bank are entitled*; *A Fund for granting Annuities with terms for joining the Million Bank.*

[2] Houghton, *Collections*, No. 140.

The lists for subscriptions were opened on May 24th, 1695, at the Out-ropers' Office, near the Royal Exchange[1]; and £200,000 was subscribed, on which by October £100,000 had been regarded as paid up according to the agreement[2]. On October the 31st it was announced that a new subscription would be taken either in money, annuities or in lands (the latter being a hint borrowed from the land banks)[3]. The amount of rentals, derivable from land to be subscribed, was limited to £7,000 a year. At the same time it was announced that money would be lent, on approved security, at 6 per cent.[4] During the first year of the company's history it engaged in banking and in issuing annuities, and it was evidently considered advisable to proceed cautiously in the payment of dividends for, although 13 per cent. was received from the State on the part of the capital issued against the lottery tickets subscribed in 1695, a dividend of only 2 per cent. was paid for the period from the commencement of business to September 1695[5]. By 1696 it was alleged that the management of the banking business had not been successful, and it was resolved on June 23rd, 1696, that "it was not to the interest of the society to continue banking any longer," and by September it was decided to cease to issue annuities[6].

From the end of the year 1696 to 1699 the company had no very definite plans. It had been formed to found a bank and had given up the intention after a very short trial. Meanwhile the period at which interest on the Lottery Loan of 1694 would terminate was approaching; and, unless some means were discovered of earning revenue, the company's capital would have disappeared by 1710. This contingency was foreseen; and, once banking had been relinquished, the committees began to provide a sinking fund, out of the income received, to provide against loss of capital. The funds obtained in this manner, together with the remainder of the cash subscriptions, were invested in the reversions of single life annuities issued in 1693 and 1694. These reversions had come into existence in the following manner. One of the first English loans was that raised in the form of annuities on lives. If the applicant nominated one life only, he received 14 per cent. during

[1] Houghton, *Collections*, No. 148.

[2] *Post Boy*, October 12, 1695. From the *Postman* of May 30, 1700, it appears that £20,000 was withdrawn, the capital regarded as paid up being for some time £80,000. This was twice doubled by further subscriptions.

[3] *Vide supra*, pp. 246–52.

[4] *Post Boy*, Oct. 31, 1695.

[5] *A scheme for making a fund for granting annuities for lives...* [Brit. Mus. $\frac{712.\text{m}.1}{33}$]; *Post Boy*, Oct. 12, 1695.

[6] *Parliamentary Papers* (vol. 96 of the General Collection 1792–3)—*Account of the Transactions of the Million Bank.*

the continuance of that life, hence this security was known as "the 14 per cent. annuities," or alternatively 12 per cent. on two lives nominated, or 10 per cent. on three lives. By subsequent enactments, these annuities on lives were converted into annuities for 95 years from 1694 on additional payments of from 4 to 5 years' purchase. In some cases the annuitants did not pay the extra capital for the protraction of the term to one of 96 years, and outsiders were allowed to do so[1]. This train of events gave the Million bank its opportunity; for, by purchasing reversions of the 14 per cents. out of the surplus income not paid as dividend, a new source of revenue would in time be formed, which would take the place of the Lottery Loan interest on its determination in 1710. There remained however one element of uncertainty, for if the beneficiaries of the 14 per cent. annuity, the reversions of which were purchased by the company, proved long-lived, a gap might occur between 1710 and the period at which a considerable part of the reversions would bear income. To bridge this gap purchases were made of the interests of various annuitants of the 14 per cent. class, so that the company finally evolved a plan of building up a permanent income out of an interest-payment for the short term of sixteen years. This system also afforded advantages to persons who held 14 per cent. annuities, secured on the lives of others, as an investment; for, by placing their capital in Million bank stock, they obtained an automatic insurance of a moderate return on their investment and were safeguarded against the risk of loss through an early death of the nominee. This plan, having been tried experimentally for some years, a resolution was passed in November 1699 empowering the committees or directors either to purchase life-annuities, in cases where the company already owned the reversion, and conversely to sell the reversions in other cases to the persons who owned the life-interest[2]. The produce of the sales was to be employed at the discretion of the directors for the benefit of the society.

One weak point in the scheme, as it existed in 1699, lay in the fact that by 1710 the sinking fund would not have had time to have completed the redemption of the capital represented by lottery tickets, therefore in 1700 a new subscription was authorized. The proprietors had the right of doubling their present holdings (which would make the stock fully paid) for one month from May 30th, afterwards applications were invited from the public. Subscriptions might be made in annuities, reversions of annuities, or lottery tickets. Reversions of a 14 per cent. annuity were valued at £83; and, to secure £100 stock, such a reversion was accepted with a payment in cash of £17. The complete 96-year

[1] *Earlier Years of the Funded Debt,* pp. 3–5; *vide infra,* Division x., Section 5.

[2] *Account of the Transactions of the Million Bank, ut supra.*

annuity (*i.e.* original life interest and reversion) was valued at £210: Million lottery tickets, with 11 years' interest to be paid, at £7. 5*s.*, those with 10 years' currency at £6. 5*s.*[1] It is interesting to notice that, although nearly one-third of the life of the tickets had now lapsed, they still sold at nearly as high a price as at the formation of the company, and therefore almost all the investments purchased out of the sinking fund would constitute profit, supposing it had been possible to sell the company's tickets at the price it was prepared to value them at for subscription. By June 14th, 1700, a further allotment of stock was made and it was then proposed to increase the capital to £320,000[2]. Subsequently the total stock was fixed at £500,000, at which it remained until the winding-up of the undertaking.

Owing to the separation of interests in an annuity for 96 years, the life-interest and a reversion of another life-interest were not so valuable together as the single complete estate for the residue of the term. The Million bank gradually founded a profitable class of business in securing the whole annuity. Accordingly, the directors were authorized on July 7th, 1702, to exchange reversions for other reversions, where a profit could be made—in 1703 the charge for exchanging a reversion was £50 on each 14 per cent. annuity—and on November 3rd, 1703, they were empowered to sell the "absolute terms" (*i.e.* the complete annuity). On April 26th, 1704, insurances were effected on the lives of nominees, where the company owned the life estate only[3]. By 1710 the undertaking was established at the "Million Bank House," Nag's Head Court, Gracechurch St., and it announced that reversions would be sold at £110 and estates for life at £100—these prices showing, as might have been expected, a decline in the value of the life-estate and an increase in that of the reversion. Exchanges of reversions were now made for a premium of £35[4].

The quotations of Million bank stock are of considerable interest as throwing light on market conditions at the beginning of the eighteenth century, and also for purposes of comparison with those of the Bank of England. Up to the summer of 1700 the stock was only £50 paid, and in the early part of the year it is occasionally mentioned in this form at about 23. After the increase in the capital, this company appears regularly in the contemporary share-lists. Being virtually an investment-trust in government stocks such quotations supply a great want in the history of the finance of the period—namely that of prices of a standard State security, which would occupy the same position in relation

[1] *Flying Post*, Jan. 27, 1700; *Postman*, May 30, 1700.
[2] *London Post*, June 14, 1700.
[3] *Account of the Transactions of the Million Bank, ut supra*; *Postman*, August 7, 1703.
[4] *Postman*, Feb. 8, 1710.

to the money-market then as Consols do at the present time. Both the Bank of England and the East India company earned a part of the dividend paid from the interest received from the government on the respective debts due to them, but the total dividend in each case was subject to the risks of trading. Besides, the price of Bank stock was affected (as has been shown elsewhere[1]) up to 1707 by the repayments of the engrafted capital, while that of East India stock did not become a really standard stock, from which the yield on capital might be calculated, until the completion of the union of the old and new companies in 1709. Therefore the existence of a series of quotations of an investment-trust in government stocks from 1700, such as those of the Million bank, is of the greatest importance in the exact study of the finance of the period. The element of trading risks is eliminated, and the recorded prices of the stock remain the average of those of a group of representative government securities. Further, there was considerable fluctuation in the dividends on Bank stock; and, according to a statement furnished officially by the Million bank, its dividend was constant up to 1728, being a regular 5 per cent.[2] But there is some doubt as to whether this statement is absolutely accurate; for, in the list published by John Freke during the years 1715 and 1716, the dividend is given at 6 per cent. instead of 5 per cent., and a comparison of the yields of the various securities of the period tends to confirm Freke[3]. If however, as is probable, there were slight departures from the regular 5 per cent. dividend, these would be in the earlier period, and would depend on the general return on government loans, so that the prices of Million bank stock may be taken as those of the average State security.

In August 1700, when Million bank stock was first quoted as fully paid, the stock-market was favourable to holders of securities. From February 1697 there had been a great advance in quotations which had culminated in March 1700, when Bank of England stock had touched 148¼, having almost trebled in price in three years. In August the quotation was from 138 to 142 and in the same month Million bank stock was dealt in at 97. From 1700 to 1707 the money-market was affected by a combination of unfavourable circumstances. At the end of 1700 there was the dread of foreign complications, in February 1701 a run on the Bank of England, in 1702 came the outbreak of war, in 1704 another drain on the cash of the Bank of England, and the

[1] *Vide supra*, pp. 214–24.

[2] *Account of the Transactions of the Million Bank, ut supra*; Anderson, *Annals*, III. p. 157; *The Stocks examined and compared*, by William Fairman, p. 53.

[3] *The Prices of the Several Stocks, Annuities, and other Public Securities*, London, 1715–16; for a specimen of this list *vide* Plate I. of this vol.

strain of the war began to be felt through a greater scarcity of capital[1]. These causes, all tending towards stringency in the money-market and the insecurity of capital, co-operated in depressing the price of Million bank stock. From the quotation of 97 in August 1700 there was an almost continuous decline until 1707, interrupted temporarily by occasional favourable news from the seat of war. By the end of 1700 the stock had fallen from 97 to 79. The run of February 1701 caused a further fall to 61; and, by May 14th, the stock was as low as 59. From July to the end of October quotations varied between 65 and 59, falling in November to 58 and in December to 57—a decline in a year and a half of 40 or of over 41 per cent. This was the lowest recorded price of Million bank stock. In 1702 the quotation remained low till June the 10th; and, from the beginning of the year till that date, the extreme fluctuations were between 58 and 60. From the middle of June till the end of the year the price rose, with a few relapses, and closed in December at 77, a gain of 20 in a year. The lowest quotation of 1703, namely 73, which was recorded on February 24th, was but little below the highest of the former year and 77 was reached by April 21st; and, from that date till September, the stock advanced steadily closing at 94, this was the best price from 1701 till 1715. Towards the end of 1703 and during the first months of 1704, the quotation was lower, varying from $84\frac{3}{4}$ to $87\frac{1}{4}$ until February 23rd. In the last week of February there was a slight rise in the stocks of both the Bank of England and the Million bank, and from February 28th to March 1st both touched the highest prices of the year, the latter standing at $91\frac{3}{4}$. For the next nine weeks the price was steady above 90, but in June there was a fall to $86\frac{1}{2}$. By August 11th the quotation was again over 90, and it remained between that price and 88 until the dividend was deducted on September 29th, when $85\frac{1}{2}$ is recorded. During October the stock was lower, and on the 30th the lowest price of the year, 82, was touched. Although in 1704 the quotation had not been as high as in 1703 the average was better, as the lowest point in the earlier year had been only 73. There was a recovery in November and December, and the closing price was 85, repeating that current at the end of September. In October 1704 the uncertainty of the monetary outlook had exercised a depressing influence on the money-market, and the after effects of the crisis were apparent in 1705. The highest price of Million bank stock for that year was recorded early in January, namely 85, and afterwards there was a fall until 79 was quoted on March 16th. In spite of the war and the frequent shocks to credit, it was a satisfactory sign of the soundness of the national finance and the feeling of confidence in the Million bank as an investment-trust that the *lowest* price of 1705

[1] *Vide supra*, pp. 216, 217.

was the same as the *highest* in 1701. By April 2nd the stock was at 80, and it rose to 82½ on the 13th. There was a gradual fall till the beginning of July, when 80 was again quoted. By August 31st the price was once more 82½, and 83 was reached on October 17th and 84 on November 16th, the price at the end of the year being 83½. The chief point of interest in quotations for 1706, which varied from 86 to 78, is the contrast of this comparative steadiness with the great fall in Bank of England stock. The state of trade was very bad, and towards the end of the year many merchants failed[1]. This depression and the resulting suspension of credit caused Bank of England stock to fall from 91 in February to 76¼ at the end of October—a total of 14¾. During the same period the fluctuations in Million bank stock did not exceed 8, and the lowest price of the year was 78. The mean between the extreme quotations of the two stocks respectively was nearly the same—being 83⅝ in the case of the Bank of England and 82 in that of the Million bank. Although the fall in Bank stock had been greatest, this security showed greater elasticity in recovering than that of the Million bank. The latter fluctuated in 1707 from 83 to 77, giving an average price of 80, and in 1708 from 83½ to 78, or an average of 80¾. Thus in the four years from 1705 to 1708 the highest price was 86 and the lowest was 77, giving averages for 1705 of 82, for 1706 also 82, for 1707 80 and for 1708 80¾. Against an extreme variation of 9 points in this period in Million bank stock, that of the Bank of England had fluctuated no less than 44 points, from 120¼ to 76¼.

After the period of comparative steadiness in Million bank stock from 1705 to 1708, a fall began again in 1709 which culminated in 1711. The largest fluctuations occurred from January to May in 1709 when the stock opened at 77—a fall of 3 from the price current in the previous July. Fears of a French invasion accentuated the relapse in price, and the stock touched 73¼ on May 6th, the lowest quotation of the year. Then came news of the De Torcy peace negotiations[2]; and, on May 24th, 81¾ was recorded, this as it turned out being the best price of the year. Till the end of 1709, the stock lost ground, falling gradually to 75 in the last fortnight of December. The relapse was continued till the middle of January 1710, when 73 was quoted from the 9th to the 20th. In spite of the trial of Sacheverell and the riots it occasioned on February 28th, the stock rose during that month, probably on early information that France had made overtures for a conference to arrange terms of peace[3]. On March 1st Million bank stock was quoted at 79, the highest price of the year. Gradually it became known that

[1] Boyer, *Reign of Queen Anne*, p. 212.

[2] *Ibid.*, pp. 376–82. [3] *Ibid.*, p. 450.

the peace negotiations were not likely to succeed, the health of Anne occasioned uneasiness, and there were evidences of Jacobite activity. These causes and more especially the latter, since it was feared that the restoration of James would be followed by the repudiation of the national debt, exercised a prejudicial influence on the price of public stocks. That of the Bank of England fell to 95¾ in November and while it rallied, Million bank shares continued to fall, touching 66½ in December. The time had now come when interest on the Lottery Loan tickets lapsed, and it may have been feared that the Million bank would suffer. The same causes continued to depress the quotation until the beginning of September 1711, when 58 was recorded. This was the lowest price, not only of that year but since 1702. Comparison of the average price of 1711 with that of the period from 1705 to 1708 shows the magnitude of the fall. In the earlier interval the average quotation was from 82 to 80, whereas in 1711, it was only 62¼, or a loss in less than three years of nearly 25 per cent.

October 1711 marked the turning-point in the period of depression that had set in since 1710. The stock was quoted in that month at 61 to 61¼; and, on December 7th, 62 was recorded. In January and February 1712 the price was from 61 to 61½, but early in March, for reasons that led to a similar improvement in Bank of England stock, there was a sharp rise—69 being quoted on the 6th, a gain of 8¾ in less than a fortnight. This was the highest point of that year. Towards the end of the month householders in London were greatly disturbed by exaggerated reports of the barbarities charged against "the Mohawks," which were alleged to have a political origin[1]. These rumours became so general that business was impeded and the recent advance in Million bank stock was lost, 60, the lowest price of the year, being recorded by the end of the same month. During April the stock remained flat, but in May there was a rise to 65 on the 16th and to 67 on June 7th. On July 11th 68¼ was quoted. In August the price was about 67 and on September 19th 66½. The latter figure was maintained after the deduction of the dividend; and there was a gradual improvement, in view of the approach of peace, during the remainder of the year. By November 21st the stock was again at 66½ and by December 26th it was 69. This quotation was repeated on January 2nd, 1713, and afterwards the price fell away to 67 on February 13th (that being the lowest of the year) recovering to 69 on March 6th. Again there was a slight relapse, and 69 was recorded on May 22nd. Afterwards the stock rose steadily,

[1] Boyer, *Reign of Queen Anne*, p. 550. They were said to have "in an inhuman manner, without any provocation, assaulted and wounded those they met in the streets, slitting or flattening peoples noses, gagging or distending their mouths with iron instruments, and committing many other extravagant cruelties."

reaching $87\frac{1}{4}$ on December 4th. This was the highest price of the year, and showed a total gain since February of $20\frac{1}{4}$—the widest fluctuation since 1701. The total rise since 1711 was $29\frac{3}{4}$ or nearly 52 per cent.

The early part of the year 1714 was rendered memorable by a crisis caused by a false report of the death of Queen Anne. Million bank stock suffered from the general fall. It had been 84 early in January, and by April 10th it was as low as $78\frac{3}{4}$. Once the feeling of nervousness had been overcome and it was believed that the succession would be peaceable, the quotation advanced; 80 was recorded on April 16th and 90 by September 13th. At the end of the year the price reached $93\frac{3}{4}$, thus for the first time in ten years being above what might be considered par for the securities originally subscribed. In the first half of 1715 the rise continued, and 100 was reached on May 13th, and this quotation was maintained till the end of the month. Soon afterwards the deduction of the dividend made the price appear lower, and in the autumn the possibility, and later the actuality, of the Rebellion interrupted the advance in prices that had continued since 1712. By November 10th the quotation was 88, on the 11th it fluctuated from $88\frac{1}{4}$ to $88\frac{1}{2}$. Then, on the arrival of favourable news from the army, it was $89\frac{1}{4}$, $89\frac{5}{8}$ on Saturday the 12th, rising further to $90\frac{1}{4}$—91 on the 14th, and touching $92\frac{3}{4}$ on the 15th. On the 16th it was 93 to $94\frac{3}{4}$, and 95 was reached on the 22nd. After a temporary relapse, 95 was again recorded on December 2nd, and $96\frac{1}{2}$ was touched on the 6th. Except for a sudden advance to 98, the stock was steady about 96 for the remainder of the month. Allowing for the deduction of the dividend, the price was steady during the first quarter of 1716, 96 being again quoted on March 23rd.

In April 1716 the rise that had been interrupted by the Rebellion was resumed. On the 25th of that month the quotation was 101, and in May it varied from $100\frac{1}{2}$ to $100\frac{3}{4}$. By June 11th $102\frac{5}{8}$ was quoted, and 103 on the 14th. After the deduction of the summer dividend, the price was $96\frac{1}{2}$ on June 25, and from that date dealings do not appear to be recorded till January 1717, when the stock was 108 *ex* dividend. By the middle of March it had lost 4, the price, which was the lowest of the year, being 104. This fall had been recovered by April 19th, when 106 is again quoted. There was a remarkable rise during the remainder of the year. The stock advanced as much in a month as it had gained or lost in the whole year of 1708. Thus in May the gain was $5\frac{1}{2}$, from 108 to $113\frac{1}{2}$, and almost the same amount in July, when the improvement was from 114, *ex* dividend, to 119. By December 20th the quotation was 124, an advance of 20 in the year. In 1718, although the gain was much less—being only 2 to 126, the highest price of the year—the stock was steadier, for the extreme fluctuations were from

that figure to 118 or only 8 as against 20 in the previous year. The quotation was highest in January and February, the natural reaction after the sustained advance since the Rebellion was accentuated by the tension existing between Britain and Spain. Thus the price, which had been 121½ *ex* dividend in July, had fallen to 120 by the end of August and 118 on October 10th. By the end of November, there was a slight improvement, and 119 was recorded for the rest of the year and on until January 16th, 1719. On January 30th the stock was 120 and, from February 6th to the 27th, 122. The latter was the highest price of the year, and was 4 below that of 1718 and 2 less than that of 1717. By March 13th the quotation was again 119; and, after a moderate relapse, the same figure was recorded at the end of April. During May and June also (making allowance for the deduction of the dividend in July, August and September) the price remained about 120. On October 14th the stock was at 119½, but had fallen by the 30th to 115¼ (the lowest price of the year).

Once the South Sea scheme was mooted the position of the Million bank became a very interesting one. It held a large amount of the securities which the South Sea company was anxious to convert. Up to the time that the proposal was conceived, Million bank stock, as a general rule, had been slightly higher than that of the South Sea company, but on January 1st, 1720, this position was reversed, for on that day the latter security was 128¼ to 128⅜, while the former was 126. When South Sea stock advanced rapidly that of the Million bank, though improving, moved much more slowly. At the beginning of February it stood at 130, and on March 4th at 138, touching 140 on the 18th. When the terms for the exchange of Long Annuities were announced in April it was seen that, supposing the Million bank converted those it owned, it would make a large paper-profit. It had purchased its annuities at from 14 to 15 years' purchase, and it was now offered 32 years' purchase. There are various reasons to favour the opinion that the company converted a part and held a part. Then, on the stock received for the portion converted, it borrowed large sums from the South Sea company, which it used to purchase more stock[1]. The apparent profits, made by the conversion and the anticipated profits from the South Sea stock purchased, caused speculators to form a favourable opinion of the prospects of Million bank stock and the price rose as high as 440 in June. This was exactly the same as the highest price touched by East India stock at the same time, but it is to be remembered that the latter started at the beginning of the year from 200 and the former from 126. The quotation of 440 for

[1] *Report of the Committee of Secrecy on the South Sea Company, Journals of the House of Commons,* XIX. p. 435.

Million bank stock compares with 265 for that of the Bank of England. The latter had hitherto, except on a few occasions, stood higher than that of the Million company, but the one had the support and the other the hostility of the South Sea company, and the disparity in the prices in 1720 shows that the absorption of the capital of the Million company was looked upon as likely to be on favourable terms, while that of the Bank of England would be less advantageous to its shareholders.

The company was remarkably fortunate in escaping from being involved in the collapse of the South Sea company. Evidently the directors had withdrawn from speculation in good time; and, for the part of the annuities they had converted, they received a stock which, though redeemable, was not subject to depreciation in the same way as their terminable annuities. Up to 1728, 5 per cent. dividends were paid; thereafter, for nearly seventy years, a regular payment of 4 per cent. was made. Out of the surplus income derivable from the annuities, which were not converted, additions to the sinking-fund were made, and by the end of the century, when these annuities were due to cease, the company had formed a reserve fund in excess of its nominal capital. On April 6th, 1796, all the annuities had been disposed of, and there was no reason for the existence of the institution beyond the receipt of the dividends paid it and the distribution of these amongst its members. Accordingly, a petition was presented to Parliament praying for an act to dissolve the society and to divide its assets. On the act being passed, the company was wound up, after an existence of just over a hundred years. During that period, by prudent management and the payment of moderate dividends, it had managed to save enough out of the high income receivable on securities where there was no repayment of the principal, not only to accumulate a sufficient reserve to replace the original capital, but to add considerably to it. Thus instead of the subscribed capital disappearing with the annuities in which it had been invested, the steady appropriations to the sinking fund with compound interest had created a new capital that materially exceeded the original one.

The following were the investments in government and other stocks owned by the company at the date of its dissolution in 1796:—

New South Sea annuities	£40,000
South Sea stock	£12,000
Million bank stock	£17,718
Consolidated 3 per cent. annuities	£230,000
,, 4 ,, ,, ...	£234,000
,, 3 ,, reduced annuities	£283,000[1]

[1] *Account of Million Bank stock* in *Parliamentary Papers*, vol. 96 (of the General Collection).

The realization of these investments left a very considerable surplus over and above the nominal amount of the half-million stock, so that, on the completion of the liquidation, the stockholders received a large bonus.

Summary of Capital and Prices of Million Bank stock[1].

Capital.

£500,000.

Prices of Stock.

Year	Date of highest price	Highest and lowest prices	Date of lowest price
1700	Aug. 21	97—79	Dec. 24
1701	Jan. 1	79—57	Dec. 10—24
1702	Dec. 23—30	77—58	Jan. 21—28, Feb. 25 to April 8
1703	Sept.	94—73	Feb. 24
1704	May 1—15	91¾—82	Oct. 30, 31
1705	Jan. 5—17	85—79	March 16
1706	May 24, June 3	86—78	Dec. 3, 24
1707	Aug. 25	83—77	Jan. 31, Feb. 17, July 18—28
1708	March 8—10	83½—78	April 30
1709	May 24	81¾—73¼	May 6
1710	March 1—3	79—66½	Dec. 1, 20
1711	Jan. 10 to Feb. 5, April 4	66½—58	Sept. 5
1712	March 6, Dec. 26	69—60	March 28
1713	Dec. 4	87¼—67	Feb. 13
1714	Dec. 17	93¾—78¾	April 10
1715	May 13—27	100—88	Nov. 10
1716	June 15	103—92	Jan. 30
1717	Dec. 20	124—104	March 8—29
1718	Jan. 3—11, February	126—118	Oct. 10
1719	Feb. 6—27	122—115¼	Oct. 30
1720	about June 25	440—126	Jan. 1

[1] The amount of the dividend has not been added in this table; because, although there is ample apparent authority that the payment made was a uniform 5 per cent., it appears that actual distribution may have been 6 per cent. in 1715 and 1716 (*vide supra*, p. 280). If 6 per cent. was paid in these years, it would be probable, in view of the reduction that had then been made in the rate of interest on government securities, that, prior to 1715, the dividend on the whole exceeded 5 per cent. The reduction of the Million bank dividend to 4 per cent. in 1728, at the same time that the interest on certain public stocks was lowered to the same amount, suggests a general relation between the two sets of payments. Should this have been so, the 5 per cent. dividend on Million bank stock would have been paid from about 1717 to 1727, and from 1710 to 1716 it may have been 6 per cent.

SECTION V. THE GOVERNOR AND COMPANY OF THE MERCHANTS OF GREAT BRITAIN TRADING TO THE SOUTH SEAS AND OTHER PARTS OF AMERICA AND FOR ENCOURAGING THE FISHING.

A. The Position of the South Sea Company in relation to Public Finance from 1711 to 1719.

While the South Sea company had been formed ostensibly as an undertaking for developing foreign trade, the real explanation both of its origin and collapse is to be found in its relation to the finances of the State. Therefore it will be convenient to deal with its history in close connection with the banking and financial companies, since its influence affected these more immediately than those of the group in which its title would lead one to place it.

In fact the proceedings of the Bank of England and the South Sea company are conjoined with much of the finance of England up to 1720, and more particularly with the formation and early growth of the funded debt. The function of the Bank of England in aiding the financing of the governments of William III. and Anne has already been explained[1]; but, from certain causes that will be detailed below, there had grown up a large indebtedness by the beginning of 1711 for which the Bank was unable or unwilling to provide, and it was in order to convert this floating debt into a funded debt that the South Sea company was incorporated. Thus at its inception this undertaking was in certain respects supplemental to the Bank.

To understand the origin of the South Sea company, it is necessary to summarize briefly the beginning and the growth of the National Debt from 1693 to 1711. During these nineteen years England was at war for fifteen, and the wars proved costly. Money had to be raised, and this was attempted in various ways. At first, the government anticipated supplies, arising out of taxes voted by Parliament by the issue

[1] *Vide supra*, Division x., Section 1.

of tallies, which entitled the owner of them to the money raised, when it had been collected, with interest in the meantime. But it was not long before the expenditure grew so great that the payment of the tallies became uncertain, and they could only be circulated or sold at a discount which, by 1697, was at least 40 per cent. Therefore it soon became apparent that additional issues of tallies would be ruinous, and that a time came when such issues could no longer be continued. Although the revenue did not show the great elasticity necessary to finance the war by means of tallies, the existing taxes would suffice to provide interest for loans which the State was not bound to redeem before a distant date. The next step was to decide what form the loan was to take; and, in a new departure of this nature, several expedients were open to the ministry. From 1693 to 1695 three different methods were adopted, all of which appealed to the enterprizing or speculative spirit of the time, and which were followed, with minor modifications, for many years.

The first device was the "Tontine Loan" of 1693 (so called from the name of the inventor—Lorenzo Tonti), which was divided into shares of £100 each. Every subscriber could nominate a life, during the continuance of which he received 10 per cent. until 1700, and subsequently 7 per cent. on the capital subscribed was divided amongst the remaining nominated lives; so that in a few years the share of those whose nominees were still living would be considerable. The same act authorized the grant of annuities on a single life at a return of 14 per cent. during the continuance of the life nominated. It will be obvious that the 14 per cent. single-life annuity was the more favourable investment; and so, of the million eventually subscribed, over 89 per cent. was taken up in that form. This method involved a heavy annual charge; for, even on the reduction of the payment to the Tontine after 1700, supposing at that date all the lives nominated for the 14 per cent. annuities were in existence, the annual charge would be about 13 per cent. The service, required for the single-life annuities, would tend to decrease yearly, while that required for the Tontine would be constant till the last life lapsed. The objection to the Tontine was the gambling element it involved, and there was also considerable uncertainty about the return on a single-life annuity, owing to the fact that in many cases infants were nominated, and in some instances the capital might have been paid without any return being received. The redeeming feature of the system, from the point of view of the tax-payer, was that, with the death of the persons nominated, the annual charge would tend to become less and less, eventually ceasing. These were the original terms of the subscription for the single-life annuities, but in 1695 more money was raised, by the doing away with the single-life contingency on an

additional payment (which varied from $4\frac{1}{2}$ to 5 years' purchase) and the conversion of the debt into a fixed annuity for 96 years from January 25th, 1695, of 14 per cent. on the original purchase price. The effect of this rearrangement was to increase the capital paid without adding to the interest, or in other words to lower the yield on the capital subscribed to a little over 8 per cent. for 96 years. Another modification of the same principle was effected in 1694 by the act which authorized the establishing of the Bank of England[1] in offering 14 per cent. on a single life (as in the plan of 1693), 12 per cent. on two lives and 10 per cent. on three lives. On the whole, the certain term, even at a lower rate of interest, was preferred to the larger but more doubtful percentage during the continuance of one, two or three lives and loans of the second type were comparatively rare. One was made in 1704, but the majority of annuities were for 99 years, and loans on the latter terms were raised annually from 1704 to 1712.

A second and more speculative method of floating loans was by means of state-lotteries—a system still in vogue on the Continent. In 1694 a lottery, for which a million was subscribed, was held[2]. The total charge for this loan was 14 per cent. for sixteen years. The minimum subscription was £10, on which 10 per cent. was paid annually, if that ticket did not draw a prize. There were 2500 prize tickets, the first of which would secure an income of £1,000 a year to the holder for the sixteen years the payments continued. In 1710 another lottery loan was made. On this occasion the total was a million and a half. The prizes varied from £5 to £1,000 a year for 32 years on £10 tickets; and the tickets, that failed to obtain prizes, received 7 per cent. for the same period. The capital raised by this Lottery Loan of 1710 cost 9 per cent. for 32 years, so that the charge for interest was low, but it is necessary to remember the danger involved in the encouragement of extensive gambling by the State.

A third system of raising money was by means of loans, made to the State by the great companies. The Bank of England had paid £1,200,000, for which it received 8 per cent., and in 1698 the new East India company found £2,000,000 at the same rate. Ten years later both companies consented to the reduction of the interest they received —to 6 per cent. in the case of the Bank and to 5 per cent. in that of the East India company—and at that date the total advances from both companies were £4,800,000. As compared with annuities, loans from these companies possessed the advantage that the capital was redeemable at an early date, and therefore the State was in a position

[1] 5 and 6 Will. and Mary, c. 20. [2] 5 Will. and Mary, c. 7.

to take advantage of any improvement in its credit, by securing a reduction of the interest on a renewal of the loan.

Diverse as were the methods for floating these classes of loans, the interest-charge varied within comparatively narrow limits. Although the single-life annuities *originally* were 14 per cents. the conversion of these into 96-year annuities, on an additional payment, reduced the interest paid, on the whole capital subscribed, to about 9 per cent. The Tontine required 10 per cent. for seven years, and thenceforth 7 per cent. till the determination of the last life. The loans from the Bank and East India company were at 8 per cent., redeemable at an early date. As the interest on the latter was reduced to 6 per cent. from 1708 in the case of the Bank and to 5 per cent. in that of the East India company at the same time, and since on renewal of the respective charters the rate was lowered from time to time subsequently, it will be apparent that the loans made by the companies were raised on the whole at the cheaper rate. But, on the other hand, allowance must be made for the fact that the interest received by a company did not constitute the whole payment made by the State for the capital advanced, because the privileges conferred constituted an important part of the transaction. Therefore the return received by a company consisted of *interest plus certain privileges*, and so the rate of interest alone, in such cases, would be relatively lower. So that to calculate the actual cost of the capital borrowed from the Bank and the East India company, it is necessary to form some estimate as to whether the privileges of the charters were likely to be hurtful or not. For cases might arise in which a saving of one or two per cent. interest would be dearly bought by the establishment of a pernicious monopoly. However, the loans of the Bank and English East India company would not be subject to this objection, since the former had originally no monopoly and the latter was incorporated to create competition with the old East India company[1]. Therefore, in view of these facts, the loans raised by these two companies were the cheapest, on the whole, of those subscribed in the reign of William III.

So far, the funded debt has been dealt with rather from the consideration of the generic character of the different loans than that of the steps by which this capital was raised. The war, that terminated in the Peace of Ryswick in 1697, was financed partly by all the different methods mentioned, namely by the circulation of tallies, by the floatation of loans on annuities, by a lottery and by borrowings from the Bank and East India company. The subsequent four years of peace from 1698 to 1701 enabled the government to, at least partly,

[1] The general question as to the effects of monopolies for foreign trade is discussed in Part I., Chapter XXII.

set its house in order, by reducing the excessive circulation of tallies, and by the end of 1701 nearly £700,000 of the debt had been repaid. However, the respite was too short to enable this operation to be completed; and the country was again at war before the repayment of the tallies, engrafted into the capital of the Bank of England, was ended[1].

The war, which began in 1702 and continued till 1713, proved not only long but also costly. The financing of it was carried out in a similar manner to that already noticed, namely by loans on annuities, by lotteries and contributions from the Bank and the East India company. The government had the advantage that there was now a financial institution, *i.e.* the Bank of England, able to gather in capital and to provide for temporary indebtedness, or to place permanent loans on more advantageous terms than had been possible prior to 1694. On the other hand, the fact that these two companies were now established meant that neither would be in a position to provide as much money for the government as they had found before 1700, when the loans from both together amounted to £3,200,000. Indeed, during the French war from 1702 to 1713, the capital they lent, as forming part of the permanent funded debt, was only £1,600,000, or exactly half the sum provided during the earlier period. Therefore, the financial position of the government after 1702 was a somewhat difficult one. The war expenses were very large, and a considerable portion of the revenue had been pledged for the service of the existing loans. At first, the pressure of the war was not seriously felt by the tax-payer, and loans were raised without any very great difficulty. In 1704 a loan on annuities for lives was floated, which provided over a million and a half, and in the following year this loan was converted into one for 99 years at 15 years' purchase on the income, or in other words at a little less than $6\frac{3}{4}$ per cent. interest. Other annuities for a similar term were issued annually till 1711 at varying rates between $6\frac{3}{4}$ and $6\frac{1}{4}$ per cent. By the end of October 1704 the scarcity of capital began to be felt; and, as already shown, there was a run on the Bank of England[2]. In 1705 and 1706 the situation was sufficiently serious to compel the Bank to pay a less dividend than the interest it received on the government debt, and in the whole of the latter year the stock was below par. The stringency of the money-market in 1706 was accentuated by the issue of an annuity loan for over two and three-quarter millions, and also a foreign loan for a quarter of a million to Prince Eugene[3]. Although during 1707, 1708, 1709, the money-market was easier, there were still very grave considerations affecting the minds of the owners of capital. Renewed

[1] *Vide supra*, pp. 214–24. [2] *Vide supra*, p. 220.
[3] Luttrell, *Brief Relation, ut supra*, VI. p. 9.

Jacobite activity had become an important factor in the situation; and the anticipation, that the success of James would mean the repudiation of the existing debt, made it exceedingly difficult to raise money in sufficient quantities. This cause, together with the uncertainty of the succession to the Crown and the dismissal of the Whig ministry, exerted a most depressing influence in 1710, and Bank stock again fell below par.

By the end of the year 1710 the financial condition of the country was very critical. Although its credit was perhaps better than from 1693 to 1697, permanent loans could not be effected to the amount required; and there was a very large floating indebtedness, which was then estimated at about $6\frac{3}{4}$ millions[1]. The Bank of England had proved itself serviceable in negotiating Exchequer Bills, but the remaining obligations of the government of this nature were only saleable at a large discount. Army debentures, for instance, one of the best of these securities, never reached par from 1704 to 1710, the highest price being no more than $93\frac{1}{2}$, while the lowest was 72[2]. Other debts, that had no fixed fund allocated for the payment of interest, sold at lower prices, and the State was unable either to pay the principal or to guarantee interest. Add to this, that the war was not yet ended and that the administration of Harley was not popular with the monied men, and it will be seen that the problem the government had to face in 1711 was one of exceeding difficulty.

The financial situation at that time might be illustrated by that of a person, who has incurred large liabilities and who had secured the capital he required by mortgaging his property. After pledging his income, he still finds that he is committed to further disbursements and, if these cannot be avoided, he examines his assets to discover whether any remain upon which money can be raised[3]. Just in the same way, the government at the end of 1710 and in 1711, having reached the limit of taxation and having assigned the income from the customs and other revenues, was searching for some security, as yet unpledged, which would enable it to finance the unfunded debt. The two great companies could not be induced to add to the loans they had already raised, and the question suggested itself whether any grant of incorporation for a new trading company could be proposed as a security. The years 1710 and 1711 had been fruitful in schemes for insurances[4], and it is possible that

[1] *Journals of the House of Commons*, XVI. p. 493.

[2] *Vide infra*, Division XII., Section 3.

[3] A similar metaphor was used in 1720, when the financial administration from 1688 to 1719 was compared to the conduct of "an extravagant heir to a great estate"—*Considerations on the Present State of the Nation as to Publick Credit, Stocks, the Landed and Trading Interests*, London, 1720, p. 10.

[4] *Vide infra*, Division XI., Sections 1 and 3.

the foundation of a chartered insurance company might have provided a considerable sum for the exchequer by way of loan. In foreign trade the time was past for monopolies of the commerce with any European country. Exclusive grants were already in existence which conveyed the trade with Africa, India and certain parts of North America. There remained only the Pacific Ocean, which had hitherto been exploited by Spain. The marauding and buccaneering expeditions from the time of Elizabeth had raised very high expectations of the commercial possibilities and more particularly of the mineral wealth of South America (which was described as "the inexhaustible fountain of treasure[1]"), and now that Britain was at war with Spain an excuse was offered for the legalising of privateering by the sanction of a company formed to trade into this area.

Though the formation of a National Insurance office had been proposed in 1711, from which it was calculated the State would benefit to the extent of over £1,000,000 annually[2], it was eventually decided that a company for the South Sea trade should be incorporated. The next point to be settled was how the charter could be made the means of freeing the State from its most pressing embarrassments. Two courses in fact were open, either a company might be incorporated on the same lines as the Bank and East India company, the share-capital of which could be lent to the government. In this way, capital would be provided, but at the same time the floating debt, which was all the time growing, would be still unprovided for. Another method of utilizing the promise of a charter, as security, would be to adopt the procedure of the Million bank[3] and Sword Blade company[4]; namely, instead of seeking a fresh loan, the government might incorporate the owners of existing loans, and the grant of the trading privilege would be available to induce such persons to accept a lower rate of interest than would otherwise be possible. In short, the monopoly of the South Sea trade was the bait that tempted people to consent to the funding of their share of certain debts, on an insufficient guarantee of interest which they would not otherwise have entertained.

Harley, having decided on this plan of financing the unfunded debt, proposed to the House of Commons that it should be adopted on March 10th, 1711, and on May 3rd the necessary resolutions were

[1] *A Letter to a Member of Parliament, on the Resolution of the House to settle a Trade to the South Seas of America*, 1711, in Somers' *Tracts* (1748), II. p. 399.

[2] *A Proposal for raising great sums of money all over Great Britain, for the use of the Government*, by George Osmond, 1711, reproduced in *The Early Days of the Sun Fire Office*, by Edward Baumer, London (Sir Joseph Causton), 1910, pp. 14, 15.

[3] *Vide supra*, Division X., Section 4.

[4] *Vide infra*, Division XII., Section 3.

passed[1]. The immediate effect of the acceptance of the scheme was to raise the quotation of Navy Bills (which were to be subscribed into the capital of the new company) by 20 per cent.[2] There was some delay in the final incorporation of the company, owing to the stabbing of Harley by the Marquis de Guiscard[3], and at length a charter of incorporation was signed on September 8th, the necessary act of Parliament having been previously passed[4]. The act, 9 Anne, c. 21, provided that such of the proprietors of the floating debts, who were willing to assent to the scheme, should have the right of being incorporated in a company to be formed to trade to the South Seas, receiving stock of that company in exchange for their present securities. The debts to be converted amounted to £9,471,325[5], on which, should all be subscribed, interest at 6 per cent. was payable, secured on the duties on wines, vinegar, tobacco, East India goods, wrought silks and whale-fins. As these revenues had been allocated to other purposes for some years to come, until they were available the interest was to be made good by the treasurer of the Navy. Like the East India company and the Bank, the South Sea company was to receive a stated sum to defray its office expenses, amounting to an additional £8,000 a year. The act also authorized the grant of a monopoly of trade on the east of South America, from the river Orinoco to the south of Terra del Fuego, and along the whole of the west coast. The company might also trade in any place or places within three hundred leagues from the west coast. The monopoly was expressly stated not to apply to any possessions of the Dutch or Portuguese, which were to remain open to all English traders. It was also provided that the Queen might direct in her charter that a capital, amounting to one per cent. of the whole stock, should be set apart and employed in fishing.

These ideas were embodied in the charter which incorporated "*the Governor and Company of the merchants of Great Britain, trading to the South Seas and other parts of America, and for the encouragement of the fishing.*" The privileges granted were similar to those of other important undertakings, incorporated in the reigns of William III. and Anne. The direction of the affairs of the company was in the hands of a governor, a sub-governor, a deputy-governor and 30 directors. The qualification of the governor was £5,000 in stock, and that of a director

[1] *Journals of the House of Commons,* XVI. pp. 541, 626.

[2] Swift, *Works* (*Faulkiner's Edition*), IX. p. 95.

[3] *Ibid.*; Boyer, *Reign of Queen Anne,* p. 493.

[4] Court Books of the South Sea Company—British Museum Add. MS. 25,494 *et seq.*, Court Book I., f. 7.

[5] *Estimate of the Debt of her Majesty's Navy,* 1711, in Somers' *Tracts,* II. p. 87; *Some Reasons offered by the late Ministry in Defence of their Administration,* 1715, p. 49.

£2,000. Members of the company, who were in arrear in paying any call, might not transfer stock nor receive dividends, without the consent of the directors[1].

The total debts subscribed, consisting of unprovided-for Army, Navy, Ordnance, Victualling and Transport debt as well as wages due to seamen, loans in anticipation of duties and subsidies to the Elector of Hanover and Duke of Zell, amounted to £9,177,967. 15*s.* 4*d.* By 1715 the interest for that year was unprovided for and by the act 1 George I. (Stat. 2) c. 21, this deficiency, as well as certain other sums, amounting in all to £822,032. 4*s.* 8*d.*, was added to the existing capital, making a total of £10,000,000. Thus, the company began its career with a capital of over nine millions, which was soon afterwards increased to ten millions. This was a huge sum for the time. It was considerably larger than the combined stocks of the Bank, the East India and African companies. Such a capitalization was in itself an element of danger. The directors could borrow very large amounts on the security of the government debt of ten millions, such borrowings constituting the trading or working capital of the undertaking, as distinguished from its share capital. For ninety years the original East India company had managed to develope a trade on an average paid-up capital that certainly did not exceed £400,000[2]. The South Sea company could find one of ten or, possibly, twenty times as much. Even if it had been able to prosecute the Pacific trade, it could not employ to advantage its total borrowing powers in building up the industry which it was incorporated to foster. Therefore, it had a very large surplus of credit, which the directors might be tempted to employ in other directions. It is true that they did not give way to this temptation till 1719, but it is important to recognize that the catastrophe of 1720 was contained in embryo in the very inception of the company.

Scarcely any one foresaw this danger. The Tories, after being disappointed in the Land bank, and having suffered from the dominance of the monied men in the Bank of England, had at length in the language of the time "a fund of credit" of their own, and there is scarcely any limit to the praises which the scheme received. Swift, for instance, writing as a partisan, stated that the restoration of the credit of the Navy effected a saving of more than cent per cent in the Victualling department, and that loans were placed with much greater facility after the formation of this company[3].

To grasp adequately the whole future position of the company's finances, it is necessary to remember that stock was issued at par, as

[1] Abstract of the Charter, in Court Book, I., f. 7.
[2] *Vide supra,* II. p. 177.
[3] Swift, *Works,* IX. pp. 4, 96.

against the par value of the various debts incorporated. But these debts had been long at a great discount in the stock-market. Therefore, supposing a person to purchase, say Navy Bills, to exchange into South Sea stock, he would receive a larger amount of stock than the cash he paid for the Bills or other security subscribed. Some measure of the depreciation of these debts may be found in the fact that, when South Sea stock was put on the market in October 1711, it was first quoted at 73 to 76, and during the last quarter of the year it varied from 71¼ to 82. Since the average of both sets of prices is about 75, this figure may be taken as representing the value put on the obligations subscribed, plus the advantages of incorporation with the monopoly of the South Sea trade. Swift states that the proposal to establish the company had brought about a rise of 20 per cent. in some of the securities subscribed, but in all probability the appreciation in others may not have been so great. If for purposes of forming a general estimate, the appreciation all over the subscribed obligations be taken at 10 per cent., this leaves 68[1] as the price at which a portion of the unprovided-for debt might have been purchased in 1710, which would give the owner the right to have it converted into £100 of South Sea stock. Therefore the par value of the new stock was not £100 in cash (as might have been expected) but about £68—a price which approximates to that at which tallies and bank-notes could have been purchased in 1697 for subscription in Bank of England stock[2]. It follows, too, that as soon as the State could make good the payment of the interest on the ten millions and when the stock of the South Sea company was quoted at 100, the stockholders would have a profit of about £32 on an average, or nearly 50 per cent. In other words, the par of South Sea stock was not £100 but about 68—that being the estimated original cost of the securities exchanged for the company's £100 of stock. It therefore follows that South Sea stock at 100 was really at a premium of nearly 50 per cent.

It was not until May 13th, 1715, that South Sea stock reached 100—that is nearly four years after the formation of the company. During this period, and indeed until 1720, the trading prospects of the undertaking remained a possibility and little more. Owing to the state of war existing between Britain and Spain until 1713, it was not thought prudent to dispatch expeditions. On the signature of the Treaty of Utrecht, it was found that the outlet for the activities of the company

[1] Price of £100 unprovided-for debt, 1710	£68. 0*s*. 0*d*.
Appreciation on announcement of the formation of South Sea company, 10%	£6. 16*s*. 0*d*.
Average price South Sea stock, 1711	£74. 16*s*. 0*d*.

[2] *Vide supra*, p. 211.

in trade with Spanish possessions was not so favourable as had been expected, and the Assiento contract, for the supply of negroes to the planters in South America, gave very small scope for the employment of capital. The renewal of war with Spain in 1718 again made the voyages of the company very precarious; so that, during the first eight years of the company's history, its trade was almost infinitesimal in comparison with the great capital it could raise.

Until 1719 the energies of the directors were confined to making enquiries and occasionally equipping ships. It might have been expected that the capital resources of the company would have been employed sooner in other directions; but, on the fall of Harley's ministry, the undertaking, he had founded, shared in his disgrace, and the new government again favoured the Bank of England, so that the South Sea company was in the somewhat ignominious position of having large sources of credit at its disposal which it could not utilize. But, while this was so, there was an undercurrent of the events of the period that tended to place much business at the command of the company. These tendencies were partly domestic, partly foreign—the former arising out of the desire to reduce the interest on the national debts, and the latter from the reflex influence of Law's financial system in France[1].

The general character of British loans has already been described. The government had been forced to borrow at varying rates of interest between 6¼ and over 8 per cent. from 1693 to 1711. Most of the loans, which were issued as annuities, had still about 90 years to run, so that the State had bound itself to pay a high rate of interest, when by 1719 capital could be obtained at 5 per cent., possibly in exceptionally favourable circumstances as low as 4 per cent. Archibald Hutcheson, one of the leading authorities on the finance of the period, had proposed a scheme for the conversion of the debts in January 1714, and the state of the debt was again considered in 1717[2]. In the latter year Walpole introduced his scheme for the reduction of the redeemable debt by the establishing of "a sinking fund[3]." In the promulgation of this proposal, it was not made sufficiently clear how the money, raised by means of the sinking fund, would be applied. There were numerous redeemable debts, that is debts on which interest was payable until the State returned the principal lent, which might be done at any time. Walpole's intention was to pay off these loans, by means of the accumulations from the sinking fund, at the same time offering holders the option of accepting

[1] Some account of the mutual relations of the Mississippi and South Sea companies will be found in Part I., Chapter XX.

[2] *Computations relating to the Public Debts* [1717], reprinted 1720, p. 7.

[3] *Memoirs of Sir Robert Walpole*, by W. Coxe, London, 1798, I. p. 108.

a fixed interest at 4 per cent.—in other words part of the scheme involved the conversion of the redeemable debt into new 4 per cents., dissentient stockholders being paid in cash from the surplus. What Walpole did not make clear was the position of the owners of annuities, which were the loans at most onerous rates. It was feared that the position of these might be tampered with, and it was necessary for Leechmere to assure the House that this portion of the debt "could not be meddled with, without breaking in upon Parliamentary engagements and violating the public faith[1]." Walpole's reply was scarcely as convincing as it should have been. He is reported to have said that "there had never been a design to use any compulsion with relation to the annuities, that indeed an alternative might be offered to the proprietors of them, but that it should be in their choice either to accept or refuse it." This declaration was reassuring, as far as it went, but it did not succeed in removing the anxiety of the annuitants, and the resignation of Walpole was received with satisfaction by the owners of the securities affected. Still, although the conversion of the debt was delayed, the proposal had been made, and the matter became the more urgent as the government could effect some loans at 4 per cent. between 1717 and 1720.

Meanwhile the advocates of a conversion scheme had the example before them of Law's Mississippi company in France, which towards the end of 1719 had undertaken the conversion of the whole French national debt. Law was a Scotsman, whose name is connected with certain currency proposals submitted to the Scottish Parliament in 1705[2]. He was a man of good family, accomplished and of winning manners. Like many other men of fashion, he had killed his opponent in a duel and was forced to live abroad. For some years he was best known as a daring gambler, and finally he arrived in France, during the regency of the Duke of Orleans, and soon became one of the leading personages at the Court. At this time the French finances were in an exceedingly involved condition, owing partly to the strain of lengthy wars and the corruption of the revenue officials. Law's first efforts, towards the rearrangement of the currency of the country, took the form of the founding of a national bank which was started in 1716[3]. But this was merely a first step, which was apparently unconnected with the next development, namely the amalgamation of the various foreign trading

[1] *Proceedings of the House of Commons*, VI. p. 114. [2] *Vide supra*, p. 265.

[3] *John Law of Lauriston*, in *A Treatise on Money*, by J. S. Nicholson, 1901, pp. 165–207; *Recherches Historiques sur le Système de Law*, par E. Levasseur, 1854, pp. 44–56; *Les Grandes Compagnies de Commerce*, par Pierre Bonnassieux, 1892, pp. 275–82; *John Law of Lauriston*, by A. W. Wiston-Glynn, Edinburgh, 1907, pp. 33–81.

companies, which were consolidated into one great trust or combine, which eventually controlled the trade to India, Africa, and French America. In August 1719 this foreign trading company was authorized to offer to convert the existing government obligations into its stock, receiving 3 per cent. against 4 per cent. paid previously, thereby reducing the charge for the service of the debt by 25 per cent. Thus the same organization controlled the whole financial system of France and dictated the policy for foreign trade, thereby including under one huge monopoly much of the foreign commerce and most of the monetary transactions of France. In fact, in modern terminology, Law's company was the greatest trust the world has yet known, if not in capital, at least in the all-embracing character of its monopoly. Now it sometimes happens that a modern trust, which aims at a monopoly, gathers to itself the elements that add to its size by offers of a high price, as expressed in the nominal capital of the company. So it was in the cases of Law's and of the South Sea companies. The money value of the terms offered to holders of government loans, for purposes of conversion, was very high, but at the same time the price of the stock was greatly inflated. Therefore, at the market value of the stock, it would appear more advantageous for the holder to take stock in the company, at the price at which that stock was offered him, rather than be paid out in cash. So that in France in 1719 as in England in 1720, holders of government debts were not only willing but wildly anxious to take stock of the company, authorized to make the conversion. This part of the history of the Mississippi company will be found to be repeated in that of the South Sea company, but there is one important difference between the modes of conversion adopted in France and in England. Law carried his consolidation to the extreme point of amalgamating his bank with the trading companies. Having effected this object, his company, in its banking capacity, made excessive issues of inconvertible paper, with the result that the inflation, that had existed before the amalgamation, became intensified. In England although, as will be shown, the South Sea company affected the purchasing-power of money, it fortunately happened that the Bank of England stood firmly for the system of convertible paper-money, and the currency was not tampered with. Therefore, the price of Mississippi stock was much higher than that of South Sea stock, proportionately. The former was sold at twenty-four times its par value, the latter at ten times, so that the issue of inconvertible paper in France made possible an inflation two and a half times as great as that existing in England. Conversely when the reaction came, the distress in France was much more serious than in England.

However, in 1719, and during the earlier part of 1720, the price of Mississippi stock was rising rapidly. Fortunes were made with a facility

hitherto unknown. Money was circulating freely. The charge of the French debt was being reduced, and it seemed that a new era of national prosperity, hitherto undreamt of, was dawning on France. The fundamental idea of the movement was the saving and ulterior advantages, arising from the conversion of the national debt into the stock of a trading company. The course of events in France strengthened the hands of the advocates of a conversion scheme in England. The South Sea company, by undertaking this operation, could use its large surplus credit, and by February 10th, 1719, the House of Commons had resolved to accept an offer made by the company for the conversion of the Lottery Loan of 1710 into its stock[1]. The method of raising money, by means of State-lotteries, has already been described[2], and this particular loan had been raised at 9 per cent. for 32 years on the million and a half subscribed. In 1719 there remained $23\frac{3}{4}$ years of the term unexpired, and it was proposed by the company that $11\frac{1}{2}$ years' purchase should be given to the annuitants in South Sea stock. Should the whole proprietary avail itself of this offer, stock to the amount of £1,721,250[3] would be required to effect the conversion[4]. South Sea stock was selling a little over par in February 1719, so that the whole body of annuitants would gain a profit of about a quarter of a million on the million and a half originally paid or about 16 per cent., besides converting an income of 9 per cent. on the average for $23\frac{3}{4}$ years into a permanent one, subject to the advantages or disadvantages that might arise from the company's trading operations. From the point of view of the State, an annual charge of £135,000 for $23\frac{3}{4}$ years was reduced to one of 5 per cent. on the capitalized annuities, which, should they all be subscribed, would amount to £77,625 subject to redemption. At the same time, the company proposed to give stock for $1\frac{1}{4}$ years' annuity in arrear at par, receiving 5 per cent. interest from the State. It offered to lend the difference between the total annuities capitalized, together with the arrears, and two and a half millions to the government, on receiving interest on an increased capital of this amount, and it was provided that, if the whole annuities should not be subscribed, the loan from the company was to be reduced in proportion. Rather more than two-thirds of the annuities was subscribed, so that instead of two and a half millions being added to the existing ten millions of capital, the total stock, issued to effect the conversion and that sold to provide

[1] *Journals of the House of Commons*, xix. p. 95.

[2] *Vide supra*, pp. 289, 290.

[3] *I.e.*

	£135,000 × $11\frac{1}{2}$ = ...	£1,552,500
	Arrears of interest, to be funded	£168,750
	Total	£1,721,250

[4] *History of the Public Revenue*, by James Postlethwayt, 1759, p. 313.

money to lend to the State as agreed, amounted to £1,746,844. 8*s.* 10*d.* By this operation the capital of the company was increased to nearly 11¾ millions[1].

The steps taken to raise the sum of over half a million, to be lent to the State, are of interest in view of the operations of the following year. The company opened subscription-lists for the taking up of the stock authorized, but not issued to annuitants (which at par would have produced exactly the amount required). This subscription was postponed till July, when the stock was at 114. Therefore the company made a profit of the premium on the half-million of stock issued, which came to £72,800[2]. The facility, with which this gain was made by the company, suggested its policy in the larger transactions of 1720, which consisted not only in issuing stock in exchange for government debt, but in securing very considerable gains on that exchange, through taking advantage of the premium on the stock. As long as Parliament authorized the creation of South Sea stock to the par value of the debts converted; and at the same time, owing to the stock being quoted above par, the satisfaction of the holders of government debts would require a smaller amount of the company's stock, the balance remaining would constitute the profit on the transaction. From the point of view of the government the conversion of 1719 was equally favourable. An irredeemable charge of £135,000 for 23¾ years was exchanged for a perpetual but redeemable one of £77,625. It might seem at first sight that this involved a saving of over 50 per cent., but it must be remembered that the charge up to 1719 had under 24 years to run, without repayment of principal; whereas the new one was perpetual, subject to the right of repaying the principal. This redeemable character of the new obligation enabled the interest to be subsequently reduced, but it would scarcely be fair to count on this, except as a contingent advantage of the scheme, at the time the conversion was effected. A more accurate basis for the calculation of the nett saving is found in taking the "present value" of original and converted annuities, which would work out as follows with compound interest at 5 per cent.:

	£	s.	d.
The average interest charge of the Lottery Loan of 1710 was 9 per cent. Therefore taking an annuity of £9 for 24 years its "present value" would be $9 \times 13{\cdot}8 =$	124	2	0
The maximum charge on the converted loan would be 4 per cent. Therefore a perpetual annuity of £4 would have a "present value" of 4×20	80	0	0
Leaving a minimum saving in terms of "present value" ...	£44	2	0

[1] For exact figures *vide infra*, Summary of Capital, p. 360.

[2] Anderson, *Annals of Commerce*, III. p. 317.

It therefore appeared that, both from the points of view of the State and the company, a conversion scheme on a larger scale would be mutually advantageous. The State could effect a reduction of the annual charge for as much of the debt as was converted, the company had prospects of making considerable profits from the operation. The company therefore proposed in November 1719 to convert the whole government debt due on annuities—this being the portion known as the irredeemable debt on which interest was highest—and the redeemable debt which included, besides various other loans, those provided by the Bank and the East India company[1]. The proposal at this stage was in effect the conversion of the whole national debt by the South Sea company, which would have involved the transference to that undertaking of the privileges of the Bank and the monopoly of the East India trade. So far in fact the scheme proceeded on parallel lines to that adopted in France; but, while it was in its initial stages, certain modifications were introduced which differentiated it from Law's operations. The Bank and the East India company were strong enough to compel the South Sea company to drop that part of the early form of the conversion scheme that contemplated the paying off of their respective capitals. Therefore, the proposal that was discussed, amongst a group of prominent financiers and the Treasury officials, provided for the conversion into South Sea stock of the whole redeemable and irredeemable debt, with the exception of that due to the two great companies. This amounted to over thirty millions.

It is not a little difficult to convey a clear impression of the intricate operations involved, because the working out of the scheme had two different histories. The one was open to men of intelligence, while the other was profoundly secret till the end of 1720. The few writers who have dealt in any detail with the finance of the South Sea company pass backwards and forwards from the open to the secret history. This mode of treatment must inevitably distort the perspective of the period. One judges the great mass of investors in 1720 in the light of information which was sedulously concealed from them, with the result that they appear to have acted with great want of foresight, sometimes with an utter absence of common sense. So far has this attitude of mind, towards the finance of the South Sea company, been carried that it is commonly spoken of as "a bubble," and the conduct of the stockholders is often characterized as "a mania," "a frenzy" or as the result of general madness. But it should be recognized that these, and other similar expressions, depend upon an implied reference to some idea of a

[1] Aislabie's speech in the House of Lords—*Proceedings of the House of Lords, ut supra,* III. p. 174; *Mr Aislabie's Second Speech in the House of Lords on Thursday, July* 20, 1721, p. 9.

"social organism," which is a term valuable as a metaphor but not as an explanation of phenomena. To speak of a national madness (which, if the nation is to continue, must be followed by a return to sanity) is merely to state that people have acted for a time unreasonably, but without giving any explanation of such action. Further, that a nation should act for a time unreasonably (as it seems to us), and a short time afterwards return to a normal condition shows that the faculty of judgment was unimpaired. How then does it come about that apparently numbers of people suffer simultaneously from an attack of forming wrong conclusions, on matters in which they are vitally interested? The answer appears to be that, in the spring and summer of 1720, men formed their opinions on certain evidence, which was not the whole evidence. On the contrary, information, that would have led to an opposite conclusion, was concealed from the public. Therefore, it is not impossible that the investor of 1720, so far from being subject to "frenzy" simply decided his action, possibly too optimistically, but still on the whole rightly, from the data before him. What makes his conduct appear to be illogical is that we have many of the facts available, and do not recognize that the part concealed at the time was the more important; and, had it been known, it would have caused the public to act in precisely the opposite way to that in which it did. Therefore in the following account, in order to show the train of causes and events, not as they were, but as they appeared to the men who were affected by them from day to day, the South Sea scheme will be dealt with as it showed itself to the public, and subsequently the account of it will be corrected in view of the secret history that underlay and reversed the whole tendency of things as they appeared to be in 1720.

To take then first of all the conversion as it was worked out and as it appeared (not as it really was); the early negotiations in November 1719 were not disclosed, and it was not until January 1720 that the South Sea company came forward with a definite proposal for the conversion of the debt. This scheme affected the whole debt, except that due to the Bank and East India company. These debts were estimated to amount to £30,981,712. 6*s.* 6¼*d.* and consisted of redeemable and irredeemable loans. The latter were of two kinds, first the long annuities of 99 and 96 years which were to be capitalized at 20 years' purchase, and secondly the short annuities to be capitalized at 14 years' purchase. The authorized capital of the company was to be increased by £100 stock for every £100 of debt subscribed on this basis; or in other words, if the whole of the debt were exchanged, the capital would be increased by nearly thirty-one millions. The company offered to consent to the reduction of the interest, payable to it by the State, from 5 per cent. to 4 per cent. after 1727. Therefore, supposing the whole

loans to have been exchanged into South Sea stock, there would have been a saving in the annual interest of £305,030. 14*s.* 5*d.* after 1727[1], to which is to be added a reduction of 1 per cent. on the existing capital of £11,746,844. 8*s.* 10*d.* The company also proposed to pay the sum of £3,000,000 to the State for the privilege of effecting this conversion. This amount could have been used in discharging an equal amount of the debt due to the company, and it was therefore equivalent to an additional saving, at 4 per cent., of £120,000 annually. The following statement will show in a tabular form the total proposed benefits of the scheme.

Table showing saving to the State after 1727 *by the first offer of the company for the privilege of effecting the conversion of the National debts.*

	£	s.	d.
Interest on £30,981,712. 6*s.* 6¼*d.* (at various rates) ...	1,544,299	4	2
,, ,, ,, at 4 °/ₒ after 1727 ...	1,239,268	9	9
	305,030	14	5
Add saving by reduction of interest on £11,746,844. 8*s.* 10*d.* by 1 °/ₒ after 1727...	117,468	8	10
Annual saving on £3,000,000 at 4 °/ₒ	120,000	0	0
Total reduction in annual charge after 1727	£542,499	3	3

On January 22nd Aislabie proposed the adoption of this proposal in the House of Commons. He endeavoured to show that, by the addition of the sums saved annually to the sinking fund, the whole debt would be extinguished in 25 years[2]. An attempt was made to rush the proposal through the House, but there was a strong party which supported the claims of the Bank of England, representing that this institution had rendered great and eminent services to the government in the most difficult times and that, if any advantage was to be gained by the conversion, this company deserved to be preferred before one "that had never done anything for the nation[3]." The Bank came forward with an offer of five millions capital and an earlier reduction of interest to 4 per cent.[4] On the 27th an opportunity was given the South Sea company of amending its first offer, and the Bank, knowing that certain prominent members of Parliament were disposed to favour its rival, also handed in a second tender. Both of these were considered on February 1st.

The Bank offered to make a capital payment, proportionate to the debts converted, which on the whole amount was estimated to reach

[1] *Journals of the House of Commons,* XIX. p. 247.
[2] Coxe, *Walpole, ut supra,* II. p. 182.
[3] *Proceedings of the House of Commons, ut supra,* VI. p. 213.
[4] Anderson, *Annals of Commerce,* III. p. 323.

£5,700,000[1]. This proposal differed from that of the South Sea company, in so far as it provided in precise terms the ratio of the exchange of stocks—for instance the holder of each long annuity was to have the right of converting it into *Bank stock* at 17 years' purchase, and proportionate offers were made to the proprietors of the other classes of debts. Bank stock in February was about 150, and therefore this scheme was equivalent to an offer of 25 years' purchase in cash. It had the great merit of determining the position of the owners of government stocks; and, by accepting the scheme of the Bank, Parliament would have done something towards safeguarding its creditors.

The second proposal of the South Sea company gave no information as to the terms to be offered to the annuitants and owners of redeemable debts, but it provided for an increased payment to the State, which was to be calculated on the following basis. A payment of about 25 per cent. of the nominal amount of the redeemable debt was to be made, which was fixed at £4,156,306. 4*s*. 11*d*. Then, on all the irredeemable debts actually subscribed, the company would pay 4½ years' purchase: and, upon those that were not subscribed, one year's purchase. Thus the total amount, accruing to the State had all the loans been converted, would have been nearly seven and three-quarter millions, or over one hundred and fifty per cent. more than the first offer. As the scheme actually was realized, the company was indebted to the State, by the terms of this proposal, to the extent of £7,134,906. 0*s*. 4¾*d*.[2]

In the temper of the Parliament early in 1720, there was no disposition to protect the owners of public securities, beyond the insisting that there should be no compulsory conversion. For the rest, "in the putting of the nation up to auction," the highest offer was accepted. This was that of the South Sea company, which promised, besides a reduction of interest in 1727, a minimum payment of nearly five millions, which, on the complete success of the scheme, would be increased automatically up to about seven and three-quarter millions[3].

Between the acceptance of the company's proposals and the passing of the act 6 George I. c. 4 which ratified them, the stock advanced very greatly. During the month of February the price fluctuated between 129 and 184, and in March from 172 to 380. The explanation of this rise of nearly 300 per cent. in two months is not far to seek. The

[1] *A Collection of Calculations and Remarks relating to the South Sea Scheme and Stock*, by A. Hutcheson, p. 19.

[2] Postlethwaite, *History of the Public Revenue*, p. 317.

[3] In another form the position might be expressed as follows. The company bound itself to pay over four millions on the *whole* redeemable debt, also one year's purchase on *all* annuities. In addition it was to pay an additional three and a half years' purchase on such of the annuities as were actually converted.

company had been authorized to convert the debt, the ratio of debt it was to receive from the government was fixed, but the ratio of stock it was to give in exchange for the existing loans was not fixed. Therefore, as long as the present stock was quoted above par, the company was in a position to offer less stock to owners of loans than it received in the converted debt, and the difference between the capital so *issued* and the total capital *issuable* would constitute its profit in surplus stock. Further, as the market price advanced, this surplus stock would become more valuable, and so, as investors realized the possibilities, the quotation rose. Besides this speculative argument for the advance in price, there was the advantage that would accrue to the company by the organization of an enormous capital, which might eventually amount to forty millions lent to the State, upon which large sums might be borrowed. Not only were there alluring prospects from the South Sea trade, but the mere fact of so large a working capital, under prudent organization, would render the greatest enterprizes possible[1]. Further, the close relations of the company and the government must not be lost sight of; so that, in any venture which required the assistance of the State, the most powerful support might be counted on. In March and April no one could estimate exactly the value of these various considerations, since the profits on financing the conversion depended on the excess of issuable over issued stock, and the amount of issued stock depended on the quantity of loans exchanged. While the surplus of stock was altogether hypothetical, it was plain there would be a very considerable profit in stock, and this became more valuable as the price rose.

Thus, when the directors considered on what terms they would offer to convert the loans in April, everything appeared favourable for the success of the scheme. During the first fortnight of that month the stock was very steady, being mostly a little over 300. It was decided that the first subscription should be opened on the 14th, and on till May 19th there was a time of great activity in the sale of stock and the taking of subscriptions for the conversion of annuities. Since the operations in April and May constitute a group by themselves, it will conduce to a more ready appreciation of an intricate situation if these are treated separately.

[1] *An Examination and Explanation of the South-Sea Company's Scheme for Taking in the Publick Debts: Shewing that it is not encouraging to those who shall become Proprietors of the Engrafted Stock, to join with the present Proprietors of the Company at any advanced Price*, 1720, p. 27.

B. The First Group of Issues of Capital and Conversions, April—May, 1720.

The act authorizing the financial transactions of the company was designed (as has been shown) for the conversion of the national debts. It is therefore surprising that the directors, instead of first offering to convert some portion of the debt, determined to make an issue of two millions stock at 300. In doing this, they were in reality selling stock which was expected to accrue from the conversion, but which, until that conversion had been effected, was not available, and which it was possible might never be available. Supposing the premium on the stock had disappeared, there would have been no surplus stock to issue, and therefore the company would have been in the position of selling something it had no right to sell. Thus the directors were committed, at this early stage, to maintaining the price of the stock, until sufficient debts had been converted to show a surplus of issuable capital above the capital issued in exchange for various loans, equal to the amount of two millions for which subscriptions had been invited. However, the sanguine spirit of the times relieved the company of all responsibility, for, from the middle of April till the autumn, the stock remained over 300.

Accordingly, the directors having taken this risk, on April 14th two millions of the company's stock was offered for public subscription at 300, payable as to 20 per cent. on application, either in cash or the bonds of the East India or Sword Blade companies[1], and the remaining 80 per cent., in calls of 10 per cent. each at intervals of two months[2]. Soon afterwards a second issue of stock for cash was made, this time of a million at 400. These two issues together would have eventually realized 10 millions, which would have covered the amount due to the government and certain other cash payments, but the directors decided to deal with the amount received in a different manner, which discloses a feature in their transactions that renders the study of the company's finance very puzzling. Although two millions stock had been offered for subscription on April 14th there was allotted two millions and a quarter of stock; and similarly, instead of a million at the second subscription, a million and a half, the explanation offered being that "the subscription was taken in several books to prevent crowding, notwithstanding which the crowd was so great that the clerks had not an opportunity of communicating with each other[3]." Thus it turned

[1] For an account of the bank known as the "Sword Blade Company," *vide infra*, Division XII., Section 3.

[2] Court Book, VI., f. 7—Brit. Mus. Add. MS. 25,497.

[3] *Ibid.*, f. 43.

out that over $3\frac{3}{4}$ millions of stock had actually been allotted (instead of three millions) which would realize $12\frac{3}{4}$ millions[1]. Out of this amount, it was decided to declare a dividend of 10 per cent., this being the first time there had been any departure from the original payments of 3 per cent. each half-year.

The next step consisted in the publication of the scheme for the conversion of the annuities—no effort being made at this stage to deal with the redeemable debt. Since the annuities were irredeemable, it was to the company's interest to convert them as soon as possible, whereas the redeemable debt could be paid off at any time. The method of conversion was very involved. It consisted in offering stock at 375 for a part of the capitalized value of the annuities, while the remainder was paid in bonds and cash. The most interesting part of this operation consisted in the method of capitalization adopted. For each long annuity of £100 subscribed, the government acknowledged itself indebted to the company for twenty times the annual value, *i.e.* for £2,000. The company, to make the conversion more attractive, instead of capitalizing long annuities at 20 years' purchase, offered 32 years' purchase. Similarly, in the case of short annuities, it offered 17 years' purchase in stock and bonds, receiving 14 years' purchase from the government. The ratio of stock to bonds and cash was determined largely by the effort to issue stock, as far as possible in multiples of £25 stock, the remainder of the capitalized value being given in bonds and cash. For instance the following table shows the working out of the scheme in the case of a long annuity of £100.

Conversion of £100 long annuity into South Sea stock[2].

£100 annuity capitalized at 32 years' purchase = £3,200			
£3,200 payable as to	£2,625 in stock at 375 = 700 stock	=	£2,625
„ „	575 in bonds and cash	...	575
	£3,200		£3,200

The short annuities were divided into three classes, *i.e.* "the Prizes" and "the Blanks" in the lottery loan of 1710 and the remaining short annuities. In each case seventeen years' purchase was given as to the part payable in stock at 375, the difference, as between the different groups, consisting in the proportion of stock to cash.

This offer was an attractive one to the annuitants. The stock, they were to receive at 375, was quoted at over 400 on the announcement of the terms. Thus there appeared to be the possibility of an immediate

[1] For convenience in this statement the figures are given only in millions, and the full statistics are printed at the end of this section, p. 354.

[2] For terms of conversion of short annuities *vide infra*, p. 355.

profit on making the exchange. Besides, instead of the annuitant being an isolated owner of capital, he became a member in a great financial organization, which already possessed the monopoly of the South Sea trade with other advantages to follow. Then, should this conversion be successful, there would be a large surplus of stock. The rapid rise in price suggested the expectation that it might continue. If so and if the surplus stock, now rendered available, were sold at a higher price than 375, any advance on that quotation would be for the benefit of stockholders, who had come into the company at 375 or less.

On the other hand, Archibald Hutcheson in his *Computations* had drawn attention, with great detail, to the fact that the actual assets of the company consisted of the debt due to it by the government. Against nearly $11\frac{3}{4}$ millions of this, stock had been issued at par. Therefore the average amount of debt against each £100 stock, when issues were made above par, must always be less than the price of the latest issue. Hutcheson's contention is on the whole accurate, but he scarcely attaches sufficient weight to the contingent advantages that would be receivable by the annuitant who converted.

To ascertain the position of a long annuitant, it is necessary to estimate the original price of his investment. As has already been shown, these loans were issued at prices between fifteen and sixteen years' purchase[1]. At the beginning of 1715, when stocks were at high prices, long annuities sold from $14\frac{5}{8}$ to $15\frac{7}{8}$ years' purchase[2], so that it may be assumed that, apart from the inflation of 1720, these annuities were not as a rule saleable at more than 16 years' purchase. At that price, the £100 annuity would be capitalized at £1,600, or exactly half the amount at which it was capitalized by the South Sea company. It might be thought that, since the company doubled the capitalized value of these annuities, by reducing the price of stock exchanged by one-half (*i.e.* to $187\frac{1}{2}$), an equivalent would be obtained in South Sea stock, representing the original value of the annuity. But this statement of the case overlooks the fact that a considerable payment was made in bonds and cash. Taking the bonds as worth par, the position of the annuitant stands as follows:

Equivalent of a long annuity of £100 at 16 years' purchase in South Sea stock.

£100 annuity cost at 16 years' purchase = ...	£1,600
Paid by South Sea company in bonds and cash	575
Remainder of original purchase price payable in South Sea stock ...	£1,025

[1] *Vide supra*, pp. 290–2.

[2] *The Prices of the several Stocks, annuities and other publick securities*, by John Freke, Broker.

For this sum of £1,025, there was given £700 South Sea stock, or in other words this annuitant held his South Sea stock, after conversion, at 146½.

It therefore follows that, as long as the stock was over 146½, the annuitant did not lose money, calculating in terms of the prices of annuities ruling up to 1715.

Making a similar estimate for the short annuities, the conversion of the Prizes in the lottery loan of 1710 may be taken as an example. The income in this case was payable only for 32 years from 1711, of which upwards of 9 years had expired. Therefore, the original capital subscribed would be no index to the value of this security in 1720. A better estimated price can be obtained from the fact that in 1719 the loan was valued, for conversion purposes, at 11½ years' purchase. A year later it would be worth slightly less, but for purposes of calculation the value might be taken at that accepted in 1719. On this basis the following results are obtained:

Equivalent of Prizes of £100 a year in the lottery loan of 1710 at 11½ years' purchase, expressed in South Sea stock.

£100 annuity valued in 1719 at 11½ years' purchase	=£1,150
Paid by South Sea company in bonds and cash ...	200
Remainder payable in South Sea stock	£950

For this sum of £950 there was given £400 South Sea stock, so that this annuitant held the stock, received on conversion, at 237½.

Thus, as long as the stock did not fall below 237½, the annuitant would not have suffered. The discrepancy, in the cost of South Sea stock in terms of the value of long and short annuities respectively before 1720, is noteworthy—the former holding the new stock on this basis at 146½ and the latter at 237½. The difference is accounted for in part by the fact that the short annuitant received a high income for a limited period with no return of his principal; whereas, after converting into South Sea stock, he had a right to participate in the income received by the company from the State, until the capital was paid off.

One of the many difficulties in the finance of the South Sea company arises when any effort is made to calculate the stock issued as a result of this conversion. There was a second subscription of annuities in August; and, since the government capitalized all long and all short annuities at fixed rates respectively, it did not preserve the amounts converted at the different subscriptions separately. From the point of view of the Treasury, it made no difference whether a long annuity

was subscribed in May or August, since in each case debt was credited to the company at 20 years' purchase; but from the point of view of the issue of the company's stock, owing to the difference in the terms of subscription, the amount of annuities converted at the two subscriptions is of great importance. Therefore one must seek in the figures, authorized by the company, for the details of the different subscriptions, which have not been preserved in the government accounts. Such figures were published in 1720; but, on analyzing them, it appears that the company admitted a subscription of annuities in excess of that recorded by the Treasury. Thus there are two sets of figures—the one being those furnished by the company in 1720 and the other those preserved by the government. Several causes may be assigned for the discrepancy[1]; but, since the final statistics do not give the requisite particulars, it is necessary to deal with those furnished by the company, which turned out eventually to have been subject to modification. Even if the corrected data had been available, the earlier ones would be more suitable for the present stage of the enquiry, since they were those that the investor of 1720 had before him.

Taking then, for the present, the figures issued in 1720, the position of the company, after the taking of the first subscription, was as follows. The original capital was nearly 11¾ millions. The stock to be issued in exchange for long and short annuities was about 3¼ millions, and 3¾ millions had been issued for cash. These sums added together made the stock at the end of May over 18½ millions. As against this share capital, the company had increased the debt, due to it by the State, by nearly 9½ millions; which, in addition to the original debt of 11¾ millions, made a total debt of over 21 millions. To this is to be added the cash receivable for the 3¾ millions stock, which should have eventually brought in 12¾ millions, making total present assets of 33¾ millions, subject to the payment of the amount agreed upon to the State and the bonds issued to holders of annuities for a portion of their capital. Thus the company had an issued capital of 18½ millions, against assets of 33¾ millions. Further, the debt due to the company was also the amount of issuable capital. This was over 21 millions, of which only 18½ millions was actually issued; therefore there was a surplus issuable capital of 2½ millions, which might have been taken up at 400 and would thus have realized 10 millions. This would have brought the assets subject to certain payments to about 44 millions, against a share capital of 18½ millions. According to this estimate the stock would have had actual assets against it of about £240 of the

[1] *Vide infra*, p. 329.

market price. Any excess above £240 represented the value placed on the profits to be derived from the conversions yet to be made, and the collateral advantages of the organization of a great capital and from the South Sea trade. There was a further consideration of a more speculative nature which might have been adduced to justify the high price of the stock. Up to 1719 all conversions had been effected on the basis of the increase of capital and government debt *pari passu*. So before 1720 a capital of $11\frac{3}{4}$ millions was secured on a like amount of government debt: whereas in 1720 an increase of $6\frac{3}{4}$ millions in the capital had been accompanied by an increase of $22\frac{1}{4}$ millions in the assets[1]. In other words, while the capital had been increased by 50 per cent., the assets immediately available had been increased by 100 per cent., and there was in addition a surplus of issuable capital. To persons of a speculative temperament, the possibility of profits, advancing in a geometrical ratio of this nature, offered most fascinating prospects, and what kept the price high was the expectation that further purchases would be made at more enhanced quotations.

To sum up the state of the company's finances on the announcement of the terms of conversion, there were assets for 60 per cent. of the market price, which was then 400, and the remaining 40 per cent. of the price was the estimate placed on the goodwill of the company. The ultimate value of this goodwill would depend on the success attending the organization of the capital-resources controlled by the company; and, as these included a monopoly, already granted, with the prospects of others to be secured later, it may be admitted that, although the amount payable for goodwill was high, it was not excessive.

A similar conclusion may be reached by a slightly different line of argument. A very little consideration will show that, since nearly two-thirds of the capital had assets of the same value against it, which assets had not appreciated, that to justify the price of 400 for the whole stock, there should have been prospects of profits which would make good the deficiency in the assets, as these were in May 1720. Apart from speculative operations, such addition to the earning power might arise from financing on a large scale, and the resulting increase of income might, in time, provide a sufficient return on the whole stock, even at the high price of 400. It may be added too that the great need of commerce in the first quarter of the eighteenth century was a sufficiency of capital, and so it is scarcely possible to estimate adequately, under the different conditions of the present time, the many promising outlets there were then for the remunerative employment of

[1] Subject, however, to certain payments.

capital. In fact capital, *organized* in one single unit, might be utilized in many directions, where no single fraction of the same capital could find its way, and therefore some premium on South Sea stock was justified and maintainable. The amount of this premium would depend on the extent of profits made from the use of the capital, and circumstances might be imagined in which a higher premium than 300 per cent. would have been based on actual earnings. Thus it will be seen that the investor, who in 1720 bought stock at 300 or even 400, may have been unduly optimistic, but there was at least a possibility that his confidence would be rewarded in the future. He was in reality discounting the results of an organization which was not yet in existence. The tragedy of the situation was that, for carefully concealed reasons, such results could never be realized. This brings us to the second aspect of the subject, namely the secret history of the scheme, which first began to show itself at the end of May.

C. The Secret History of the South Sea Scheme.

The inner working of the conversion of the national debt constitutes one of the most remarkable and disgraceful chapters in British finance. As far back as November 1719, negotiations had been begun secretly between an inner group of South Sea directors and the Treasury, which would not have borne investigation. The design of converting the whole national debt into a single redeemable obligation to a trading company at a lower rate of interest would depend for its success, to a large extent, on what the company could make out of the transaction. Following the example of Law in France, the leading South Sea directors aimed at the monopoly of British foreign trade, outside Europe, and a supreme position in finance, at home, by paying off the debt due to the Bank of England and the East India company. When this scheme was mooted to Aislabie, Chancellor of the Exchequer, he, according to his own account of the interview, proposed that the conversion should be divided between the Bank and the South Sea company, whereupon Sir John Blunt, a leading director, exclaimed—"No, sir, we will never divide the child[1]." Eventually the funds of the Bank and the East India company were excluded from the scheme.

This modification of the original design removed a part of the favourable prospects, but there remained another great gain from the point of view of the directors—namely the acceptance of their proposals,

[1] Aislabie's speech before the House of Lords, in *Proceedings of the House of Lords*, III. p. 175; *Mr Aislabie's Second Speech on his Defence in the House of Lords, July* 20, 1721, p. 10.

without any limitation as to the terms on which the company's stock was to be offered to holders of the debt. This absence of restraint was the great objection, made against the scheme, in the subsequent debates in Parliament, and it is inconceivable that members of the ministry, who had any experience of finance, could have failed to see the dangers of giving the company a perfectly free hand. Yet in January 1720 the ministry recommended the scheme of the company to the House of Commons. The grounds of this support were shameful. While the bill, authorizing the conversion was pending, a small committee of directors was formed, consisting of Sir John Blunt, Edward Gibbon, Robert Chester, Richard Houlditch and Robert Knight, the accountant, who were authorized in general terms to facilitate the passing of the measure. This committee disbursed secretly £1,259,325 amongst favourites of the King, members of the government and of the Houses of Parliament[1]. This sum of over a million and a quarter was used for bribes by a method previously adopted by the old East India company. The committee of directors bargained for the support of a certain person at a certain price, payable on the passing of the bill. The transaction was passed through the company's books as an imaginary dealing in stock. The secretary entered in a special book, which was not open to the inspection of the directors, a certain amount of stock at about the market price when the bribe was accepted; and, after the act had been passed, the person, who received the bribe, was credited with a sale of the stock at the advanced price and was paid the difference. Needless to say the "friends" of the company, whose support was purchased in this way, had never paid for the stock nor had any transfer been made out to them. During the two months that elapsed, while the bill was under consideration, the operation was disguised under cover of a loan on the stock[2]. What led to the ultimate detection of these illicit practices was the fact that the stock, alleged to have been bought and sold, had no existence. Indeed, before the actual passing of the act, the company owned only a very small amount of its own stock. It required about £574,500 of stock for these bogus sales, so that the company was in the position of appearing to sell something that had no existence. Indeed, except for book-keeping purposes, no sales were made, and the transaction resolved itself into the company paying the difference between the price at which a purchase might have been made on a certain date and that at which a sale might have been made on a later date.

The distribution of the million and a quarter of bribes is difficult to trace. The committee of directors dealt only with prominent persons,

[1] Report of the Committee of Secrecy, in *Journals of the House of Commons*, XIX. pp. 425–51.

[2] *Ibid.*, XIX. p. 426.

each of whom guaranteed the votes of his own following. Aislabie, Chancellor of the Exchequer, Charles Stanhope, one of the Secretaries, John Craggs, Postmaster, the Earl of Sunderland and others certainly became credited with South Sea stock in December and January, and none of them found any satisfactory proof that they had actually paid for it. It is beyond doubt that many of those named had not given "any valuable consideration" for the stock with which they were credited, and from the heads of the conspiracy the proceeds flowed to their supporters. Evidently the corruption of Parliament had been effected in a systematic manner, for the bill was carried in the Commons on April 2nd by 172 to 55, and in the Lords on April 7th by 83 to 17[1].

Another illicit proceeding, which was afterwards traced to some of the directors in their private capacity, was the purchasing of options on the midsummer dividend as early as January. Hitherto the half-yearly distribution had been 3 per cent., but an immediate payment of 5*s.* for the dividend on £100 was offered, with the promise of a further 3 per cent., should the option be exercised. It therefore follows that more than two months before the passing of the bill, certain of the directors had already determined to increase the dividend, and that they took advantage of their knowledge of this intention to obtain for £3. 5*s.* a payment of £10 in stock, which was saleable at prices varying from £40 to £100[2].

These events in the secret history explain why the directors were forced to take the risk of issuing stock for subscription before such stock was legally issuable. For it was out of the proceeds of the first subscription that the bribes, for the passing of the act, were paid. Thus while, as has already been shown, the investor, as distinguished from the speculator, who purchased stock in April, was discounting the future organization of the company's capital as the source for increasing its earnings so as to justify a price between 300 and 400, the directors were committed to a method of managing the undertaking that involved several fraudulent operations. Indeed the increase in the amounts allotted at the first two money subscriptions was suspicious. It will be remembered that three millions of stock were offered to the public, but three and three-quarter millions had been actually taken up. There was no resolution authorizing this additional subscription, and it was discovered in 1721 that, in at least one case, stock had been issued to Aislabie at the second subscription eight days after the list was

[1] *Proceedings of the House of Commons,* VI. p. 214; *Proceedings of the House of Lords,* III. p. 126.

[2] *Proceedings of the House of Lords,* III. p. 135.

supposed to have been closed, and when the market price showed an advance of 40 per cent. on the amount paid up[1].

In fairness to the person who bought stock up to the middle of April 1720 it should be noted that these facts in the inner history of the management of the company were most carefully concealed. Extraordinary precautions were taken to disguise the less reputable dealings of the committee, concerned in the promotion of the bill. The irregularities were not discussed at meetings of the whole court of directors, and the papers that recorded them were not accessible to more than three or four persons. It was only after the strongest pressure from Parliament in 1721 that the facts, relating to the bribery of ministers, were extracted, and even then much of the truth was successfully hidden.

By the beginning of May thoughtful people should have begun to see that the directors had no intention of developing a legitimate business and were devoting their energies, as well as the resources of the company, towards the manipulation of the market. Previously the price of the stock had been inflated by devices that could not be readily detected, but now the court adopted a policy which was openly intended to advance quotations. This new departure was by the making of loans by the company on its own stock, and it constitutes the second stage in the history of the finance of 1720.

D. Loans on Stock, April to June 1720.

At first sight it seems incredible that, while money was being paid in on the first two money subscriptions, the company should have declared a dividend payable, not in cash, but *in stock*. The truth of the matter was that cash was required, not only to discharge the illicit claims for the promotion of the act, but also to enable the directors to make loans on the security of the scrip. As early as April 20th (when the price of the stock was at 328 to 339), it was resolved to lend half a million at the rate of £250 on £100 stock—no person to receive a loan of more than £5,000. Further loans were authorized on May 20th and June 9th[2], and in addition money was lent on the partly paid subscriptions, taken in April.

The effect of these loans was to bring about a rapid rise in quotations. The increase in the resources available for making purchases added to the demand; while, at the same time, it was necessary for the borrowers to deposit with the company stock which had a larger market value than the sums lent on it. Thus, while the demand was increased, the

[1] *Journals of the House of Commons*, XIX. p. 434.

[2] *Ibid.*, XIX. p. 435.

supply was artificially restricted. Not only so, but there was considerable delay in the issue of marketable scrip against annuities subscribed; so that the company was in a fair way to "corner" its own stock. There had been vast transactions on margins; and, although the general tendency of the market was bullish, there were no doubt very large bear sales, which, under the circumstances indicated, were difficult to cover. It was probably for this reason that the directors were pressed to take new subscriptions, and the same cause explains the delay in doing so.

At the same time the company was not in a sufficiently strong financial position to corner the stock completely. In May there had as yet only been actually paid up on the $3\frac{3}{4}$ millions of stock issued in April, a sum of under two and three-quarter millions, and so the directors were forced to borrow to pay part of the bribes as well as to provide funds to lend to stockholders. Thus the policy of supporting the market could be pursued only within narrow limits; and there was a temptation for the directors, after raising the stock to a high price, to sell the pawned stock (which was transferred to the company) as near the top of the market as possible, and then, on the resulting relapse, to replace the stock, making a large profit by the operation, provided the fall did not extend beyond the margin on the stock.

These general principles explain the quotations of the stock from May till June. Had the directors allowed the market to be affected solely by normal influences, it is probable that the price (which was from 325 to 350 from April 15th to 20th) would have relapsed considerably, and less onerous terms would have been obtainable from the annuitants. Although half a million was authorized for lending and nearly a million was actually lent in the month from April 21st to May 19th, the price was barely steady[1]. It fluctuated from 345 to 358 on April 22nd; and, even with the support of the loans, it relapsed a little until May 10th, when, in view of the subscription of annuities to be announced on the 20th, further support was given by the company and the quotation was between 350 and 360 until the 19th. When it is considered that the lending of nearly a million—which would lock up close on £400,000 of stock—barely sufficed to prevent a bad break in the price, it will be apparent that there was a very large overplus of sales by the general public on balance. In fact the inner group of directors, who managed the company's finance, were past masters in the delicate operation of rigging the market. Almost simultaneously with the announcement of the terms for conversion of the annuities, fresh loans were authorized, and again large purchases of stock were made. The situation, as viewed from the outside, was eminently satisfactory.

[1] The movements in the price of the stock are shown day by day from May to September in the diagram at the end of this volume.

For the month prior to the 18th of May the quotation had been almost stationary, then, on the announcement of the terms of conversion, it rose to 400 on the 21st and to 500 by the 28th, to 600 on the 31st, reaching 700 the following day and closing at 770. On June 2nd the stock was over 800, having doubled in price in a fortnight. This enormous rise was attributable in part to the devices of the directors in rigging the market, partly to false information they circulated as to the future prospects, partly again to the influence of a spirit of wild speculation which had now been aroused.

The effect of the loans, made on the eve of the publication of the terms of subscription of the annuities, has already been explained; and it may be added that, in artificially increasing the price of the stock, the directors were able to offer that stock, in exchange for the debts converted, at a much higher price than would otherwise have been obtainable. On the success of the first group of conversions becoming known, it was realized that there would be a large quantity of surplus stock; and, as the price advanced, the value of such surplus on paper became greater and greater. Also, in future conversions, higher prices could be set on the stock given to owners of government debts, and therefore the surplus stock from such future conversions would be proportionately increased. For instance, if the same amount of annuities, that were converted in May, had been subscribed early in June, the South Sea stock offered in exchange could have been priced at 750 instead of 375, and therefore only half the quantity of stock would have been issued, and the surplus available would have been doubled. So far from discouraging the growing speculative fever, the directors encouraged it by every means in their power. Calculations had been published, professing to prove that, the higher the price paid for the stock, the greater would be the benefit accruing to the purchaser[1]. Rumours were circulated of very great dividends to be paid in the future, 60 per cent. at Christmas was talked of at one time[2]. Exaggerated estimates of the profits, derivable from the South Sea trade, were formed and some unjustifiable expectations of what might be gained by the company controlling the government.

The rise of over 400 in the price of the stock, during the fortnight ending June 2nd, had been much too sudden to last, and on the 3rd there was a relapse to 690—a fall of no less than 180 in twenty-four hours. From the 4th to the 8th fluctuations were between 780 and 735, and it seemed as if there would be a fresh fall, but on the 9th the directors again resolved to lend money on the security of stock. This

[1] *E.g.* in the *Flying Post*, April 9th, reprinted in part by A. Hutcheson in his *Computations*.

[2] Coxe, *Walpole*, II. p. 187.

support of the market was much needed, if the price was to be maintained, for on the 14th the second payment of 10 per cent., on account of the money subscriptions, was to be made; and many stockholders, who had applied for stock, had to sell their old stock, so as to take up the new. Such sales exercised a depressing influence in spite of the funds provided by the company, and on the 14th the quotation was again as low as 690. The next day the stock was quoted from 710 to 755, and it remained about 750 till the 22nd. From this time onwards, prices were influenced by the second group of subscriptions, the first of which was taken between June 16th and 22nd.

E. The Second Group of Subscriptions.

By the middle of June the directors had lent about four and a half millions, which, with the money payable for bribes and the bonds due to the annuitants, made a total of about 8½ millions to be found. As against this, 30 per cent. of the sums, payable on the first two money subscriptions, was now due. These issues should have realized 12¾ millions when fully paid, and thirty per cent. of that amount had provided about 3¾ millions. Therefore, the effect of the manipulation of the market on the company's finances was to leave it indebted for more than twice the cash it had as yet received from the members. No fact could speak more strongly as to the strain on the resources of the undertaking involved by the continued inflation of the price of the stock by the directors. To carry on the same policy, it was necessary that the basis of the company's credit should be strengthened, and accordingly it was decided on June 15th to offer five millions stock for public subscription at 1,000, 10 per cent. being payable on application, and the remainder in nine instalments of the same amount at intervals of six months from July 2nd, 1721[1]. Both the price and the sum total were impossible. To expect that 50 millions should be raised in five years, in addition to nine millions still to be called up on the earlier subscriptions and with the surplus stock expected to accrue from the approaching conversion of the redeemable debt still to be sold, was utterly ridiculous. What makes this issue remarkable was the fact that, on the day it was announced, the old stock was from 705 to 755. It followed that persons, who subscribed, were in the position of paying 25 per cent. more for the privilege of applying, than the price at which they could purchase the old fully paid stock. The inducement to pay this excessive additional premium was that the calls on the new stock were distributed over such a long period. Speculators took up as much

[1] *Journals of the House of Commons*, XIX. p. 433; Hutcheson, *Computations*, p. 94.

stock as they could find money to pay the first call of 10 per cent., and, as the next instalment was not due for over a year, they trusted to a rise in the price to enable them to sell within that time. The success of this issue provided the directors with funds amounting to about 5 millions, and this sum was used to force up the price of the stock. Three millions were lent out within a few days after the money had been received; and, by the end of June, a total of nearly 4¾ millions had been employed in supporting the market. At this date the total loans from April amounted to the enormous sum of 11¼ millions. This was more than had been paid up on the three money subscriptions; and as yet no real provision had been made for discharging the bonus, payable to the State, on the debts converted.

The diversion of the funds, received from those who had paid their application money for the third money subscription, produced an almost immediate effect on prices. The stock remained about 750 until June 21st. On the 22nd it fluctuated from 750 to 785, touching 1000 on the 23rd and 1050 on the 24th[1]. The latter was the highest recorded quotation. At this stage it is worth glancing back at the steps by which this excessive inflation had been reached. On the passing of the act, the stock was about 300. The April loan barely sufficed to prevent a serious relapse in the price. The combined influences of the May loan, the taking of stock off the market, the announcement of the 10 per cent. stock dividend and the success of the first group of conversions raised the quotation to 750. The third loan no more than enabled this figure to be maintained. Thus an expenditure of 4¼ millions (or with that on the subscription-receipts of 6½ millions), with the aid of other causes, raised the stock 450. The next loan of 4¾ millions only increased quotations, and that temporarily, by 300, owing to the fact that the issue of more stock had increased the supply; and, although the new stock was only credited with 10 per cent. paid up at this date, it is obvious that it had an important effect in widening the market.

Although the rise culminated on June 24th at 1050, the price was kept fairly steady during the ensuing five weeks. In the remainder of June the quotation was 1,000 on the 25th, the 27th and the 29th, falling to 950 on the 30th. In July the stock varied from 990 to 940. In view of the fact that a second subscription of annuities was to be taken on August 4th, it is significant to find that the court of directors resolved on July 27th to lend money from that date until Michaelmas "in such manner as was judged best for the company's interest[2]," but in spite

[1] *The Evening Post* of June 24, 1720, and *The Caledonian Mercury* of June 25 mention a quotation of 1060, but the highest price given in the other papers or in *The Prices of the several Stocks*, by John Freke, is 1050.

[2] Court Book, VIII., f. 33—Brit. Mus. Add. MS. 25,499.

of such proposed support the market was inert, and quotations fell slightly. On July 30th the price had been 950 and by August 4th—the day of the announcement of the terms for the second subscription of annuities—it was from 870 to 890.

The conditions offered to the remaining annuitants were made to appear as favourable as possible. Instead of 32 years' purchase for long annuities, 36 years' purchase was now offered; while, as before, there was one portion of the capitalized sum to be taken in bonds and cash and the other and larger part in stock. For purposes of conversion this stock was priced at 800 or about 10 per cent. below the current market price. Since none of these annuities originally cost more than 16 years' purchase, apparently no holder would be at a loss until South Sea stock fell below 355½[1], but in reality the proposition was more favourable than this since there was a payment in bonds and cash of £400 per £100 annuity. Taking the bonds at par, the position of the annuitant would be as follows:

Equivalent of a long annuity of £100 *at* 16 *years' purchase, as expressed in South Sea stock, according to the proposals of August* 4*th.*

£100 annuity cost at 16 years' purchase	£1,600
Paid by South Sea company in bonds and cash	400
Remainder of original purchase price payable in South Sea stock ...	£1,200

For this sum of £1,200 there was given £400 South Sea stock, or £300 of the original payment was exchanged for £100 South Sea stock.

It follows from these figures, that in terms of the original purchase price, an annuitant would not really lose until the stock he received fell below 300. As compared with anyone, who had subscribed long annuities in May, the latter held South Sea stock, in terms of original purchase price, as low as 146½[2]; so that those who came in in August, although they received £400 stock as against £700 stock exchanged for the same amount of annuity in May, owing to the discrepancy in the part paid in bonds and cash, held their stock at more than twice the price at which they could have obtained it on the first conversion.

A similar estimate of the price of South Sea stock, exchanged for short annuities, shows that it was held at 500 in terms of the value of Prizes of the Lottery-loan of 1710, this comparing with 237½ for the same security, according to the terms announced in May.

Meanwhile in anticipation of the conversion of the redeemable debt (which had not as yet been dealt with), people were lodging their scrip,

[1] *I.e.* $\frac{800 \times 16}{36} = 355\frac{5}{9}$.

[2] *Vide supra*, p. 311.

so as to make certain that they would be in good time. There were over 16,000 holders of redeemables and the pressure on accommodation at the Bank of England, where the bonds were received, was so great that tables for the clerks had to be placed in the adjoining streets[1]. At length, in the first week of August, the terms for conversion were announced. For each £100 of debt a nominal price of 105 was taken as a basis of calculation, exchangeable into South Sea stock at 800. These debts had originally been issued at par, so that all the holder had to safeguard him, against a fall in the price of the stock he received, was the premium of 5 per cent. In other words, he held his new stock at 763 in terms of the original cost of his investment. The inequality of the conditions, given the owners of redeemable debts as compared with those offered the long annuitants, may be seen from the fact that, in the exchange made in August, the latter held South Sea stock at 300 and the former at 763, calculating from the original cost of each investment.

On August 12th the final subscription for a million and a quarter in cash was taken at 1,000. The amount announced had been a million, but in this case, owing it was alleged to names being taken in several books, the amount was increased by 25 per cent.[2] The amount payable on application for this fourth subscription, as well as the call due the same day on the first, gave the directors funds to again manipulate the market. The stock had fallen to 880 on August 5th, but by the 11th it had been raised to 900, which was maintained for the next two days.

By this date the greater part of the conversions had been completed; and, unless the price of the stock in future issues had been set far above 1,000, the market quotations were unjustifiable. Further, it would have been impossible to have floated the surplus stock at 1,000, much less at an increased issue-price. This must have been apparent to anyone, who considered the position calmly. A more serious element of danger was the bad state of the company's finances. The directors had lent more money than they had at their disposal, and they were obliged to pledge the company's credit. Against the obligations thus incurred, there were the calls still due on the four money subscriptions; but, to ensure the payment of these calls, it was necessary that the state of credit should have remained good. Even at the best, it is unlikely that the capital required could have been found, and a collapse was inevitable, owing to the many indirect practices of some of the responsible members of the company. So that, to state the situation briefly, the company had staked its future on credit remaining good,

[1] Anderson, *Annals of Commerce*, III. p. 330; Coxe, *Walpole*, II. p. 189.

[2] Court Book, VI., f. 43—Brit. Mus. Add. MS. 25,497.

while at the same time some of the directors had undermined both the credit of the company and, in a less degree, that of the nation. This being so, the collapse of the market in South Sea stock was only a matter of time and in any case it must have come soon.

F. The Beginning of the Collapse, August to September.

The first shock to credit came from the South Sea company. The directors, in arousing a spirit of wild speculation, had let loose a force which they were unable to control. The inflation of quotations had tempted the unscrupulous promoter to launch all kinds of schemes, and soon the shares of these ventures advanced to enormous premiums. Everyone, who projected a company, thought in millions, but only called up shillings on the shares. Thus, in addition to the outstanding calls on South Sea stock, there were immense liabilities on the nominal capital of other companies. As these matured in the future, the difficulties of obtaining cash from the subscribers for the four issues of South Sea stock for money would be intensified. The inevitable consequence would have been a great increase in the rate of interest owing to the scarcity of money, and this would have reduced the inflation. The prominent directors of the South Sea company dreaded such a contingency; and, as they had paid so high a price for securing the act of Parliament under which they professed to transact business, it was only natural that they were exceedingly jealous of new schemes which could claim no legal authorization. Therefore they decided to endeavour to crush out the new and rival ventures, by putting the law in force against them. The attitude of the State to trading companies was somewhat curious. Legally, no one but the sovereign could create a corporation; and, if a company created by royal charter required any exceptional privileges, after the beginning of the eighteenth century, it had to obtain these from Parliament. This procedure was adopted in the case of any important company which required a monopoly or other rights; but, from the time of William III., it became customary for individuals to unite as a company and carry on a business, without any legal authorization. There were many associations of this kind formed from 1692 to 1695, and no objection was made to their operations. At the same time their existence was merely tolerated, but it was in no sense legalized. Therefore the South Sea company was within its rights in raising the question of title in the case of unchartered companies in 1720, or of associations working under a doubtful charter. Accordingly on August 18th a writ of *scire facias*

was obtained against a number of the undertakings whose shares stood at the highest premiums[1].

While the South Sea company was within its rights in raising this question, its action was most injudicious. It is a good legal maxim that the plaintiff should come into court with clean hands, and it might well have been argued that since the directors, who professed themselves aggrieved by companies acting under obsolete charters, employed as their banker an association that worked under a grant for the making of hollow sword-blades, they had condoned the offence. Indeed, when one considers the many indirect practices of the directors, both in obtaining and applying their own act of 1720, it was the height of effrontery to have raised the question. Probably in law, as certainly in general ethics, it was less blameworthy to act without authorization, than under Parliamentary sanction obtained by the corruption of the ministry. In the second place, the object of the directors was presumably to strengthen credit by the prevention of its being over-extended. But they forgot that the inflation of the prices of the securities they attacked had been brought about by purchases of these very securities on a credit basis. Now, on the issue of the writ, the prices of the shares affected fell very heavily, far beyond the margins on which they were carried, and so it became necessary for the speculators to sell other securities to meet their liabilities. It followed then that the great fall in the quotations of the interdicted companies was accompanied by a sympathetic relapse in the price of South Sea stock. Before the issue of the writ the price had been close on 900, and within a week (*i.e.* by August 25th) it had fallén to 810, relapsing further to 755 on the 30th. Thus in less than a fortnight the quotation had receded by 125. On the 31st it was known that the court had decided to pay a dividend for the next twelve years of 50 per cent. annually, and the stock rose to 815. This announcement was the last effort of the court to maintain the current price, and it was based on a reversion to the practice of early companies of making divisions of capital to the stockholders. To have made good this promise, it would have been necessary to divide the calls receivable on the money subscriptions, together with the proceeds of the surplus stock, selling the latter at close on 1,000. In fact the directors, having exhausted their credit in supporting the market, now endeavoured to effect the same object by pledging the capital resources of the company for the payment of dividends. At first this new departure strengthened the market. On September 1st the stock was quoted *ex* dividend from 780 to 770, and during the next week the

[1] This question is dealt with from the point of view of the relation of companies to the State and to each other in Part I., Chapter XXI.

quotation gradually relapsed, touching 670 on the 8th. The court now declared a dividend of 30 per cent. at Christmas, but the public began to realize that the promise was illusory; for, with a crumbling market, the expected prices could not be secured for the surplus stock, and the money subscriptions outstanding were unlikely to be paid[1]. Therefore, so far from inducing purchases of stock, this dividend-announcement was unfavourably received; and, at the meeting on the 8th, the directors had stifled objections and behaved in a high-handed manner[2], so that on the 9th the stock was as low as 575—a fall of 300 in about three weeks, and of no less than 44 per cent. from the highest point of the year which had been recorded only seven weeks earlier.

Up to September 9th the fall had been very alarming, but during the next ten days there was a remarkable collapse, which soon became a panic. The reduction of quotations from 900 to 600 had been occasioned by the check to the carrying of the shares of lately formed companies on credit, and partly by the fact that the South Sea directors were no longer able to obtain funds to support the market. When prices had been highest in the summer, private bankers had lent money on the stock at 600; and, once the quotation reached this price, sales of pawned stock were made. Such sales accentuated the depression; and, as the quotation fell, the limits of earlier loans were reached and more stock was offered.

For a few days—from the 10th to the 15th—the stock was fairly steady, considering the times, its fluctuations being between 670 and 555. On the 16th, in view of the meeting called for the 20th, the price was from 550 to 510, and the next day from 480 to 450—a fall of 100 in forty-eight hours. On Monday, the 19th, 380 was touched. The cause that produced a decline of 200 in four days was the information that the court would consider whether the terms offered to the second group of subscribers should be reduced. This meeting was held on the 20th, and there was much recrimination. This was almost unavoidable, for the interests of the members of the company were sharply divided. Those who had received South Sea stock at 800 in exchange for government securities, saw it selling at barely half that price. The condition of persons, who had taken up the last two cash subscriptions, was even worse. They had contracted to pay more for the stock, and many of them had no means of raising capital to meet the remaining calls. Therefore both classes clamoured for a revision of the terms on which they had come into the company. On the other

[1] Court Book, VI., f. 48—Brit. Mus. Add. MS. 25,497; cf. *An Argument proving that the South Sea Company are able to make a Dividend of* 38 *per cent. for twelve Years, Adapted to the Meanest Capacities,* 1720.

[2] *Historical Register,* v. p. 366.

hand, the original proprietors and the annuitants, who had converted in May, were not as yet affected by the fall in price, beyond the loss of a possible paper profit. They were unwilling that any alteration should be made, which would reduce the amount of surplus stock. After a long and acrimonious discussion, the meeting adjourned without coming to any decision, but it was generally recognized that a reduction in the terms of the second subscription must be made, for it was known to the directors that their bankers—the Sword Blade company—were in difficulties.

After this meeting the price fell on the 21st to 395–350. Then there were rumours that Walpole had induced the Bank of England to support the South Sea company, and on the 22nd the stock rose to 400, fluctuating between that price and 350 on the 23rd—the day the agreement was signed by a joint committee of the two companies[1]. This agreement provided that a part of the debt due by the State to the Bank should be subscribed into South Sea stock at 400, and it was eventually ratified by the directors of the Bank[2]. The Bank also undertook to circulate the bonds of the South Sea company. It was this part of the proposal that nearly wrecked it in the preliminary discussions. The South Sea company had begun its career by transacting a class of business, which had previously been in the hands of the Bank, and there was considerable jealousy between the two undertakings. Both had been antagonized in 1720, when they competed for the privilege of converting the national debt, which was eventually secured by the younger corporation. In the days of its prosperity it remembered the rivalry of the Bank; and, when it had large cash and credit transactions, it gave the business to the Sword Blade company to the exclusion of the Bank of England. The latter, now that the South Sea company had fallen on evil days, did not forget this; and, when it was proposed that the circulation of the bonds should be divided between the two banking companies, Sir Gilbert Heathcote replied coarsely, but effectively, that "if the South Sea company be wedded to the Bank, it ought not to be allowed to keep a mistress[3]."

Though the agreement was signed, events made its accomplishment impossible. On September 24th the Sword Blade company was forced to suspend payment, and there was a run on the Bank of England, which precluded that institution from endangering its credit by any active assistance to the South Sea company. The suspension of the Sword Blade company took place on a Saturday, and on the following

[1] Court Book, VI., f. 55—Brit. Mus. Add. MS. 25,497

[2] *Ibid.*, f. 56.

[3] *Vide supra*, p. 240.

Monday South Sea stock opened at 360 and fell to 300, touching 190 on the 28th.

The quotation of 190 on September 28th was the lowest point reached for some time, and it was a sufficient index of the necessity for re-adjusting the terms of the second subscription. The adjourned meeting was held on the 29th; and, although only ten days had elapsed since the previous one, the price of the stock had fallen in that short period by more than one-half[1]. Thus the stock now stood below the level at which almost all of the holders of debts had converted, and the necessity of ultimate re-adjustment of the finances had become urgent through the failure of the Sword Blade company.

G. The Modification of the Terms of the Second Group of Subscriptions in September.

At the meeting of the company on September 29th, Sir John Fellows, the sub-governor, made a speech which described the gravity of the position. "No man can have an English heart and be at present insensible of the calamities of his country. The credit of our nation, that has been hitherto sacred and inviolable, that has stood the shock of so many wars, the rage of different parties and all the efforts of our common enemies is melting away, while we fancy ourselves in the possession of it. Every transfer-day brings the ruin of a hundred families, and there is scarce a gentleman who hears me but has felt the dismal effects of what has lately happened either in himself, his relations or his friends. Not only private men, but our most substantial goldsmiths and even whole companies stop payment. 'Tis almost become unfashionable not to be a bankrupt. The reason of this is plain—our specie begins to sink beneath the weight of our paper credit[2]." No doubt the miseries of the time in this description are not exaggerated, but what Fellows omitted to state, and could scarcely be expected to have confessed, was how far the credit of the nation had been strained by the artifices of a group of the directors. Not only was Parliament corrupted by them and the market manipulated, but the dishonesty, that had characterized the beginning of the conversion and the inflation of prices, was continued during the collapse. It will be remembered that the company held large quantities of stock, pledged to it as security, for loans; and, on the beginning of the decline, sales were made with a view of buying in again at lower quotations. Thus the directors had much to do with accentuating the panic. The extent of the sales

[1] The recorded quotations were: Sept. 20th, 400, 420, 390; Sept. 28th, 260, 190.

[2] *Historical Register*, v. p. 380.

of pawned stock by the company cannot be determined; but, when the accounts were inspected by the House of Commons early in 1721, it was discovered that there was a deficiency in this account of nearly half a million stock, showing that of the sales made that amount had not been replaced[1]. Another fraudulent practice, sanctioned by some of the directors, was allowing the withdrawal of the allotments of stock, made to some favoured persons, in the third and fourth money subscriptions after the price had fallen. The preferential treatment, accorded to certain subscribers in the third subscription, was specially glaring. Five millions stock were offered, applications were received for eight millions, and the whole five millions were entered in the books as allotted. Yet it was found that subsequently the amount of stock issued was reduced by £600,000, and by £50,000 in the fourth subscription[2]. This course offers an explanation of a discrepancy as between the figures published by the company in 1720 and those compiled afterwards by the government. The total issuable stock, according to the former account, was £38,564,179. 13*s.* 10*d.*; and, according to the latter, only £37,802,203. 5*s.* 6*d.*, so that the company led the public to believe it had more than three-quarters of a million issuable stock than turned out to be the case. Now, the issuable stock depended on the amount of debt subscribed, and it is impossible that an error of this magnitude could have been made. Since it was proved that money subscriptions were cancelled, it is probable that the same preference was accorded to subscribers of debts, and it is not unlikely that the persons, who benefited, were those who received payments before the passing of the act to aid the company in Parliament. In the one case a payment was made by the directors under colour of fictitious stock, in the other real stock was made fictitious.

In view of these facts and probabilities, it is obvious that the directors (or some of them) had much to conceal, and the best course now open to them was to stave off any investigation of their recent proceedings. Apart altogether from the credit of the company, it was necessary, in order to prevent the interference of the State, that the terms of the subscriptions made in August should be reduced. Accordingly a scheme was carried on September 29th by which, instead of the stock for the second group of issues being exchanged at 800 and 1,000, it was priced uniformly at 400[3]. The effect of this re-arrangement was

[1] *Journals of the House of Commons,* XIX. p. 435.

[2] *Ibid.,* XIX. pp. 433, 434. The Committee of Secrecy charged the directors with the converse irregularity in the case of the first two money subscriptions, *i.e.* of *increasing* the amount of stock allotted, after the lists had been closed and on the price having advanced.

[3] There were certain minor modifications affecting the capitalization of the annuities which are fully stated *infra,* pp. 354–8.

twofold. First, it did away with the great inequality between the two groups of subscriptions. Henceforth all the subscribers in 1720 exchanged into South Sea stock between 300 and 400—as is shown in the following table:

Price at which South Sea stock was valued in exchange for Government debts after September 29th, 1720.

First money subscription at	300
Second " "	400
First subscription of annuities at	375
Third and fourth money subscriptions, originally at 1,000, reduced to	400
Second subscription of annuities and subscription of redeemable debts, originally at 800, reduced to	400

There remained the difficulty that the original capital was issued at par or less, so that the stock had assets against it which, on the average, must remain less than the highest issue-price which was now 400, unless such average could be raised by the proceeds of the issuable stock, as yet unissued. But, in the second place, the effect of the re-adjustment of terms on the quantity of issuable stock was very important. The amount of stock, now required to satisfy the second group of subscribers, was increased, and therefore the surplus of issuable stock would be proportionately decreased.

Contemporary opinion on this arrangement was reflected by the price of the stock. While the diminution of surplus stock was a disadvantageous influence, it was recognized that such stock of a discredited company was of small value, as any attempt to sell it in a panic-stricken market would have made the collapse a permanent one. Therefore, the tendency of the reduction of the terms to aid in restoring credit was regarded as a favourable point, and the price of the stock improved. As a result of the meeting of September 29th the quotation had been from 200 to 330 and (although the improvement to above 300 was only temporary), it remained over 250 until October 10th. There was a fall to 165 on the 14th, but this was partly recovered by the 17th, and from that date until November 12th the stock was over 200. From November 14th to the 17th the price relapsed, 140 being quoted on the latter date. The next day a recovery began, which continued till the 22nd, when 210 was recorded. From the 23rd until December 14th, the stock continued to lose ground. It was at 196 to 180 on the former date, and it touched 124 on the latter—this being the lowest price of the year. Although this quotation was only one-eighth of that ruling on June 25th, as compared with the price at the beginning of the year (which was 128¼) it shows only a small fall, and

it is worth mentioning that of the lowest annual prices since the foundation of the company that of 1720 is the highest. With the stock at 124 it is plain that only a small value was placed on the surplus stock; and, as this opinion was modified, the price improved, until 200 was reached on December 29th and 30th.

H. THE PARLIAMENTARY ENQUIRY.

When Parliament met on December 8th, it was confronted by an extraordinary situation. The scheme that it had sanctioned less than a year before had not only miscarried, but had aroused the most violent indignation throughout the country. The speculation had not been confined to London but had penetrated to the chief towns. Edinburgh and Dublin had been involved in the fever, country gentlemen, who owned annuities or redeemables, had subscribed them, and were in difficulties if they had speculated, or, if they held their stock, were indignant at the possible profits they had lost. The breaking of credit had affected industry everywhere, and it began to be felt that the South Sea directors were to blame. Some of them had been exceedingly arrogant at the time when they were courted for early information as to the course of the market, and this, though a little thing compared with the miseries of the nation, was very bitterly resented[1]. During the debate on the address in reply to the King's speech, much violent language was used, the directors of the South Sea company being spoken of as "miscreants," "the scum of the people," the "parricides of their country," "plunderers of the nation," while the "pestilential frenzy" was said "to have intoxicated and made drunk all ranks and degrees of people with the wine of the fornication of this whore of Babylon[2]." Sir Joseph Jekyll said that, although some of the directors were criminal, he thought, or at least hoped, some were innocent, but there were those, who were not directors, who were equally culpable. It was contended too, that while there appeared to be no existing law to punish the erring directors, Parliament, as the legislative authority, both could and should exert itself to make an example of those who might be proved most guilty. On the other side, Craggs (who became involved by the subsequent enquiry) and Walpole argued that the danger would be increased by the commencing of "irritating enquiries," and

[1] *Proceedings of the House of Commons*, VI. pp. 218–22; Coxe, *Walpole*, II. p. 202.

[2] *Some Paragraphs of Mr Hutcheson's Treatises on the South Sea Subject*, London, 1723, p. 16; *The London Journal*, No. 26, reprinted in *The Political Letters in the London Journal*, 1721, pp. 51–6; *A Brief Debate upon the Dissolving the late Parliament and whether we ought not to chuse the same Gentlemen Again*, 1722, p. 15.

that the most urgent duty of the House was to seek a remedy for the evil, and to wait till the public mind was calmer before investigating the causes of it[1].

It thus appeared at the opening of the session that there were two parties. The one which was resolved to demand a strict account from all persons, suspected of complicity in the irregularities of the execution of the conversion, and the other, headed by Walpole and comprising persons involved in the scandal, which was determined at all costs to stifle enquiry. Some idea of the extent to which members of both Houses were interested in the scheme may be gathered from an unofficial analysis of their avowed holdings in the company, all of which were acquired in the spring and summer of 1720. There were 122 of the Lords and no less than 462 of the Commons, who were known to have been subscribers to the extent of about 3 millions of stock. This sum was exclusive of such transactions as had been carried on in the names of nominees. These persons were found to have borrowed £2,600,000 from the company on the security of their stock. Further, it was calculated, though this was necessarily only an estimate, that members of Parliament had made profits on the holdings that were disclosed of nearly $4\frac{3}{4}$ millions[2]. Walpole indeed soon obtained the nickname of "the screen," from his endeavours to shield members of the ministry, who were implicated[3]. The party for investigation included many divergent elements—such as the Jacobites, who wanted to increase the discontent in the country; persons, who had suffered in the speculation of the past year and were vindictive; and lastly those, who were without any direct pecuniary interest and were anxious to maintain the purity of parliamentary administration. Such a body, composed of antagonistic groups, could act with little cohesion; while its opponents were smaller in numbers, but many of them, as will appear, were united together by the need for concealing their guilty secrets. A contemporary writer, who however was prejudiced against the directors, sums up the situation by saying that "there certainly is a majority in the House of Commons that are willing to do themselves and the kingdom justice, but they act so little in concert together that they are constantly baffled by a set of men whom guilt, money, &c., have linked in the closest bond[4]."

On December 12th a motion was made ordering the directors to lay a report of their proceedings before the House. This proposal took the party, adverse to an enquiry, by surprise, and was characterized

[1] *Proceedings of the House of Commons*, VI. pp. 221–5.

[2] *Index Rerum & Vocabulorum for the use of Free-holders of Counties and Freemen of Corporations*, 1722, pp. i, ii, 18, 19.

[3] Coxe, *Walpole*, II. p. 216. [4] *Ibid.*, II. p. 216.

by Craggs as "preposterous[1]." Walpole urged that he was apprehensive, "if they proceeded in a warm, passionate way..., they might, by running precipitately into odious enquiries, exasperate the distemper to such a degree as to render all remedies ineffectual." It was soon recognized that, in the temper of the House, it would be dangerous to resist the motion, which was eventually carried without a division[2]. The directors were suspected of endeavouring to use inducements, similar to those employed in February 1720, to escape compliance with this order; and, in the meantime, the papers required were not produced, until a more peremptory order was made on the 14th[3]. Such documents, as had been presented, were considered on the 15th; and an account of the loans, made by the company, was ordered. On the 19th it was proposed to appoint a select committee to enquire into the execution of the act of 1720, whereupon Walpole contended that such an investigation would consume much time, and that meanwhile the opportunity of arresting the decay of credit would be lost. In view of Walpole's proposals, which were introduced the same day, for alleviating the existing distress, this motion was not pressed[4].

When Parliament adjourned for a short recess at Christmas, very little had been accomplished. So far Walpole and those for whom he was acting had succeeded in evading any real investigation. Certain papers had been ordered from the South Sea company, and Walpole had proposed a scheme for reducing the capital by transferring a part to the Bank and East India company. When business was resumed on January 4th, 1721, the House was in a state of extreme irritation before the consideration of the state of public credit was reached. On the introduction of a "bill to prevent mutiny," Jekyll accused the ministry of bringing forward this and other measures to block the investigation of the affairs of the South Sea company, whereupon Craggs said that opposition to this bill was uncalled for from "a person who had received signal favours from the Crown." Lord Molesworth then said, "Is it come to this that every man, who has a place, must do all the drudgery that is enjoined him?" It was then moved that leave should be granted to bring in a bill for securing the persons and estates of the directors; and, in the course of the debate, it was alleged that there were some men in great stations, who were

[1] *Proceedings of the House of Commons*, VI. p. 223.

[2] *Journals of the House of Commons*, XIX. p. 381.

[3] On Dec. 13, 1720, Thomas Broderick (afterwards Chairman of the Committee of Secrecy) writes to Lord Middleton: "How far *ways and means* will go to warding the blow [of this order] I know not, but they will be used"—Coxe, *Walpole*, II. p. 204.

[4] *Proceedings of the House of Commons*, VI. p. 225.

no less guilty than the directors. Craggs evidently believed that this insinuation was directed against him; for, in the midst of a scene of great excitement, he declared "he was ready to give satisfaction to any man that should question him either in the House or out of it." This was virtually a challenge to the whole body of members, and Molesworth took it as such, saying that "he had been a member of that House upwards of thirty years and never before knew any man bold enough to challenge the whole House of Commons and all England besides. For his part, though past sixty, he would answer whatever Craggs had to say within the House, and he hoped there were young members enough that would not be afraid to look him in the face out of the House." In the midst of great confusion, Craggs partly withdrew the expressions complained of, but the incident produced an unfavourable impression; and, so far from terrorizing the party for enquiry, made them more determined to carry their point. Eventually a secret Committee of thirteen was appointed, with full powers of investigating all matters, relating to the execution of the act authorizing the conversion[1]. This Committee was composed mainly, if not altogether, of members who were avowedly hostile to the directors. It included Thomas Broderick (the chairman), Archibald Hutcheson, the author of the *Computations*, Sir Joseph Jekyll, and Lord Molesworth[2]. The Committee pursued its investigations, sitting from nine in the forenoon till eleven at night daily, Sundays excepted. At first little progress was made. The persons implicated had a long time to prepare themselves, and they had tampered with the books of the company. In some documents "false and fictitious entries had been made, in others entries with blanks, in others rasures with alterations and in others leaves had been torn out." It was found further that "some books had been destroyed and others taken away or secreted[3]." The witnesses, who were compelled to attend, answered unwillingly, if at all, and it appeared that, during the first days of the enquiry, some of them met and congratulated themselves on how little had been told[4]. In spite of these obstacles, the Committee soon became suspicious of the alleged sale of stock, while the act was pending, and required an account of the receipt of the proceeds for this four hundred thousand pounds of stock

[1] *Proceedings of the House of Commons,* VI. pp. 227, 228.

[2] *Ibid.,* VI. p. 229.

[3] The First Report of the Committee of Secrecy. The seven reports of this committee were printed under the title of *The Several Reports of the Committee of Secrecy to the Honourable House of Commons, relating to the late South Sea Directors &c.,* London, 1721. The greater part is reproduced in *Journals of the House of Commons,* XIX., to which, as being more accessible, reference will be made below, except in the case of passages given more fully in the original reports.

[4] *Journals of the House of Commons,* XIX. p. 428.

and particulars of the payments made, when it was entered as re-sold, and more especially to whom these payments had been made. Robert Knight, the cashier, was examined on January 21st; and, though he denied having said (as deposed by another witness) that "if the bill passed the stock would be well disposed of," he admitted that the reason of entries being in blank was that "he did not think it proper to enter the names of members of Parliament, who had any part of the stock in the cash-book[1]." He further explained that in a revised account, which he had prepared for the Committee, the names of members had not been stated as he was not certain of them. This second account was made up from letters and papers in his possession, and, when he was ordered to produce them, it happened that he was summoned to the House of Lords, and his examination was adjourned till the following Monday. Knight took the opportunity of absconding, and he is reported to have said that "if he should disclose all he knew, it would open such a scene as the world would be surprised at[2]." Though Knight's flight was hurried, it had evidently been carefully planned, and he must have had confederates, for he managed to avoid extradition under colour of the statutes of "the Joyous Entry" of the States of Brabant.

On the escape of Knight, a new line of defence was developed by the directors. Knight had stated that the distribution of the "stock" in question had been the business of the sub-governor and the deputy-governor; but, in spite of this, it was now deposed by witness after witness that Knight was the person who had been responsible. It turned out that many entries and notes, relating to these transactions, bore the cashier's signature and that these had come before the Committee. Therefore, since there was no denying Knight's handwriting, his escape was connived at by the recipients of bribes, while the directors endeavoured to make him the scape-goat. It is almost needless to remark that a subordinate official could have no power to deal in such large amounts, nor could he obtain access to the persons who were suspected of receiving the so-called stock, without the authority of more responsible persons.

The Committee was now hard pressed to obtain evidence. Even from the mutilated accounts before them, it was unquestionable that over a million and a quarter had been expended in bribes, under colour of the payment of differences on stock. The items of the stock, alleged to have been distributed, were admittedly compiled so as to mislead, and the witnesses professed ignorance of the details. The problem then was how the Committee could trace any "stock" to a specific source. Knight's evidence not being available, it became

[1] *Journals of the House of Commons*, XIX. p. 432. [2] *Ibid.*, XIX. p. 436.

necessary to accept statements of what other witnesses had heard from him. On January 27th, for some reason unknown, Sir John Blunt gave the Committee "the first material information" it had received, but it was Robert Surman, the late deputy-cashier, who provided the necessary details. He had assisted Knight in preparing the account of the stock disposed of which had been submitted to the Committee, and "he wrote down several names which Knight read to him out of a book with a green cover, wherein Knight had kept an account of the stock entered in the cash-book of the company and also of subscriptions. He believed that Knight did not give him all the true names, because sometimes Knight turned over a leaf or two, without giving him a name (although there were in those leaves names of persons with whom an account was there entered). He remembered that in the same book, at the head of a large account, wherein the debtor side came near to the bottom of the page, he saw the name of John Aislabie Esquire, late Chancellor of the Exchequer, but Knight turned over that leaf and did not give him that name to insert in the account." He also deposed to seeing the names of James Craggs, the Postmaster-general, and of Charles Stanhope, Secretary of the Treasury, "all which names were left out of the account; and, after it was thus drawn out from the green book and from some letters which Knight delivered to Surman, the sums not coming right, Knight made several alterations in the names and prices, and inserted other names and prices to frame the account in the manner in which it now appears[1]." Subsequent examinations added the names of Lord Sunderland and a group of female favourites of George I.—the Duchess of Kendal, her two nieces and the Countess of Platen. Besides, it subsequently transpired that over thirty members of both houses of Parliament were subject to suspicion of having obtained stock without making payment[2].

Although these persons (or many of them) had been suspected of having received payment for their support of the company, it was only now that the Committee had obtained sworn testimony, justifying the belief in their complicity. But as yet, the case was far from being complete. Surman's evidence depended on the accuracy of surreptitious glances at the hastily turned leaves of a book which he was not intended to see. To obtain corroborative evidence, that would have been completely satisfying, would have protracted the enquiry indefinitely, if the whole field were to be covered. Therefore the Committee confined its investigations, in the first instance, to the cases of persons actually in the ministry. The directors were very closely questioned, and Blunt revealed that Knight had shown him a note for £50,000 stock, signed

[1] *Journals of the House of Commons*, XIX. p. 427.

[2] Second Report in *Journals of the House of Commons*, XIX. p. 577.

by Sunderland, and that he had recognized the signature. Other directors concurred in admitting that they heard from Knight of stock to be given to Sunderland, as well as £30,000 to James Craggs, senior, the Postmaster-General. The order alleged to have been signed by Sunderland was not forthcoming, and there was no corroboration of the charges. The position of Craggs was different. He escaped the charge hanging over him by committing suicide, and it remained for the House of Lords, in subsequent proceedings, to bring to light additional evidence in his case. James Craggs—the Secretary of State—died of small-pox at the time the report was issued, so that with this family, as with the Stanhope's, the strain of the charges made had already resulted in several deaths.

There remained the allegations against Charles Stanhope and Aislabie, and in both cases the testimony of the directors was corroborated by documentary evidence. As confirming the depositions that Stanhope had written asking that £10,000 or £12,000 stock should be taken in for him, while the bill was pending; it was proved, from the accounts of the Bank of England, that between May and September, sums, amounting to £51,736. 13*s*., had been paid Stanhope from the account of the South Sea company. Not only so, but there were some most remarkable transactions in reference to £50,000 of the stock under investigation. On March 21st, 1720, it had been transferred to the Sword Blade banking company—the chief partners in which were Sir George Caswall and Jacob Sawbridge, the former being a member of Parliament and the latter a director of the South Sea company. On June 11th this £50,000 stock was placed to the credit of "Charles Stanhope" in the books of the Sword Blade company. On or about the same date the stock was sold by the order of Sawbridge realizing £375,000. This same £50,000 stock was identified as part of the fictitious stock entered at 250; therefore, if the whole affair consisted in the paying of a difference on stock which had never been actually purchased, the sum, entered in the books of the Sword Blade company to be paid to the person who was to receive the benefit of the transaction, would consist of the excess of the actual price realized over the supposed purchase price. In other words, it would be the difference between £375,000 and £125,000 and not, as it would have been had the stock been paid for in the first instance, the whole purchase price. It was proved, by entries in the books of the Bank, that bills had been drawn in favour of Charles Stanhope for the difference, not for the total price realized, *i.e.* for £250,000 instead of £375,000, and that this sum was paid him in December, 1720.

Therefore the evidence was fairly conclusive that Stanhope had received the benefit from the advance in quotations, without having

paid for (or given security to pay for) the stock which was eventually sold for his benefit, and that the Sword Blade company "covered" the stock in the sense of concealing Stanhope's name until the sale had been made.

The further actions of the partners in the Sword Blade bank confirmed the doubtfulness of Stanhope's *bona fides.* His name disappeared from the body of the ledgers, being altered into "Stangape," while the original "Stanhope" was inadvertently retained in the index. Further the bills for the payment of £250,000 were admittedly destroyed; so that strong, if clumsy efforts, were made to conceal the identity of the person who received the money.

Lastly, there was also corroborative evidence as to the complicity of Aislabie. He was proved to have been involved in very large speculative transactions in South Sea stock, both before and after the passing of the bill. It was discovered that Edmund Waller, his son-in-law, had an account with the Sword Blade company, which amounted in all to £794,451. 15*s.* 9*d.*, and the balance of which was £77,600. This was made up of dealings in stock, and it was admitted that a part was in trust for Aislabie. He also had a large account with Hawes, one of the South Sea directors, about which disclosures came later. A third set of transactions was placed before the Committee by the broker employed. It related to £77,000 stock, which showed at the alleged purchase prices the miserable profit of £808. 10*s.*[1] Almost all this stock had been entered during the time the bill was pending—£57,000 had been purchased in the market, but £20,000 was entered as "Hawes per Surman[2]." This description suggested the stock contained in the "Green book," and was the subject of an exhaustive enquiry in the second report of the Committee of Secrecy. Aislabie had asked for a copy of the account of his brokers; and, on seeing this entry, declared, "with execrations not fit to be repeated, that he knew nothing of it," and that his broker must make the same statement on oath before the Committee[3]. Further, Surman deposed that, on April 11th, 1720, a bill for £27,378. 19*s.* 6*d.* was drawn in Aislabie's favour, but that the entry of it in the cash book had since been erased. These facts—the dealing in the stock of a company by a Chancellor of the Exchequer while that company was promoting a bill in Parliament, the supposed ownership of stock by him which was not purchased on the market, the

[1] This account shows that Aislabie sold his stock, as a rule, on the advance in the price. On one occasion he was in the position of a bear. These facts suggest that the inner group of directors had not told him of the plans for forcing up the price.

[2] First Report in *Journals of the House of Commons,* XIX. pp. 429–40.

[3] *Ibid.,* XIX. p. 460.

payment of a large sum of money to him by that company immediately after the passing of the bill—were all circumstances scarcely susceptible of any possible innocent explanation. Curiously enough, what was wanting in the evidence and reports of the Committee, Aislabie and his friends inadvertently supplied in the House of Commons; but, before passing on to the remaining scenes of the drama, it is worth pointing out that the evidence against the persons implicated is strengthened by the fact that the fictitious stock, which they were alleged to have received, coincides with an entry of the distribution of that stock. Aislabie admitted having, as he said, *purchased*, £22,000 stock, Stanhope was alleged to have received from £10,000 to £12,000, Sunderland £50,000, Craggs £30,000. Now if the average of the figures assigned to Stanhope be taken, *i.e.* £11,000, a total of £113,000 stock is obtained, which exactly agrees with an entry in the account of "stock sold to sundry" which records a "sale" of £113,000 stock on February 27th.

Statement showing distribution of £113,000 fictitious stock.

Stock said by witnesses to have been received by persons underwritten:		Stock admitted as "sold to sundry":
Sunderland	£50,000	
Craggs	£30,000	
Aislabie	£22,000	Feb. 27, £113,000 at £175[1].
Stanhope £10,000 or £12,000, say	£11,000	
	£113,000	

Besides the effort to trace the fictitious stock, the first report of the Committee of Secrecy dealt with the various other irregularities, committed by the directors. Attention was drawn, not only to the loans made on the security of stock, but also to the fact that differential treatment was granted to certain borrowers, both in the loans being larger than the limit authorized by the resolutions and on a smaller margin. It was also shown that the first two money subscriptions had been arbitrarily augmented, and the last two contracted, in both cases with a view to giving illicit profits to persons whose names (except in one instance) were not disclosed.

This report was presented to the House on February 18th, 1721, and the second part on the 25th. Reference was made to the transactions in stock of Aislabie and Stanhope, both of whom protested their innocence, and demanded that a day should be fixed for hearing them

[1] This price was higher than that entered in the note given to Aislabie—it represents the average of the fictitious prices on the notes given by Knight.

in their own defence. Accordingly the 28th was fixed for the hearing of Stanhope.

The Committee on that date confined the issue to two charges, namely the taking in of £10,000 stock on his behalf, without any consideration, while the bill was pending and the payment of the difference out of the cash of the company, and secondly that £50,000 stock had been taken in by the Sword Blade company for him, and that the difference, amounting to £250,000, had been received by him. An unexpected turn was given to the examination, when two of the partners in the Sword Blade company alleged that the £50,000 stock was received by that concern from the South Sea company wholly for their benefit[1]. The tales told by the different partners were far from consistent, as for instance that this stock was to cover bear sales, or again that it was stock transferred after £70,000 had been pawned to the South Sea company and £105,000 lent thereon[2]. Obviously there was an absence of any precise explanation as to the payment for the £50,000 stock; and it may have been with a view to the suppression of this information that, as late as January 3rd, 1721, particulars of this loan had been omitted from the statement of loans laid before Parliament[3]. It was generally believed by members that the Sword Blade company had held the stock in trust; but, in view of the acceptance of responsibility by the partners, this part of the charge fell to the ground. In reference to the allegation that Stanhope had accepted the difference on the £10,000 stock, no evidence was produced that he had paid for it, and he met the charge by asserting that Knight had the keeping of a large sum of his money, out of which payment had been made[4]. Evidently such a defence was a forlorn hope, and it was recognized as such, for Stanhope's friends were endeavouring to secure votes in his favour, partly by inducing waverers to support him out of respect for the memory of his relation the late Lord Stanhope, who had died tragically in the House of Lords through the excitement of a debate on the national credit, and partly by persuading a number (it was said as many as forty) to abstain from voting[5]. It was probably owing to these manoeuvres, rather than the strength of the defence, that Stanhope was acquitted by a majority of only three votes—the numbers being 180 to 177.

The evidence in relation to the £50,000 stock pointed so strongly to the culpability either of Stanhope or of the partners in the Sword Blade company that Stanhope's escape meant their condemnation; and

[1] *Proceedings of the House of Commons,* VI. p. 235. [2] Coxe, *Walpole,* II. p. 211.

[3] Court Book, VI., f. 117; Brit. Mus. Add. MS. 25,497.

[4] *Proceedings of the House of Commons,* VI. p. 236.

[5] Coxe, *Walpole,* II. p. 209.

accordingly, when, on March 10th, the case of one of them, Sir George Caswall, was heard, it was resolved that he had been guilty of "corrupt, infamous and dangerous practices," and an order was made for his committal to the Tower[1].

Caswall was not the first to be condemned, for on March 8th similar resolutions had been passed in the case of Aislabie. The charges against him were similar to those Stanhope had had to answer. Perhaps Aislabie may have suffered from the great popular indignation at the acquittal of Stanhope, but, in any case, he and his friends had made an acquittal impossible without causing the whole proceedings to be a travesty of justice. The Committee, in its second report, had commented on the huge amount of stock which Hawes had sworn he had dealt in on Aislabie's account, amounting to £842,000. Each of the persons concerned kept books, recording the transactions, which were signed by both at each settlement. The House peremptorily demanded the production of these accounts; and finally, under pressure, Aislabie promised to produce them on the following day. When the time came it was said by Hawes that Aislabie had forced him to deliver up his copy, and thereupon the two books had been torn up and burnt[2]. Needless to say, this revelation produced a most unfavourable impression. There was also the sworn account of large transactions in stock before the bill was passed. It is true that Aislabie endeavoured to explain the item of £20,000 stock, entered as received from Surman, by producing a receipt, signed by Knight for payment received by him partly on December 10th and 19th and amounting to £27,480 for this stock at alleged market prices, or with certain charges to £27,810 in all[3]. But there were two reasons why this receipt was subject to suspicion. In the first place, it was proved at a later stage that a fraudulent receipt had been given to Craggs[4], so that the mere production of a discharged account cannot be accepted. What in fact appears to have happened was that Aislabie did make a nominal transfer of the money, or of money and security, and that subsequently it was returned to him by Knight, whereupon (as stated in the second report) the entry in the cash-book was erased. This interpretation of the episode is suggested by the practical identity of the amounts of the erased entry and of the receipted contract note—the latter being £27,480 and the former £27,378. 19*s*. 6*d*. There was another very discreditable episode in this case. On May 8th, when the bill for forfeiting the estates of the directors (in which part of Aislabie's property was to be included) was before the House, General Ross, a member of the Committee of Secrecy,

[1] *Proceedings of the House of Commons*, VI. p. 237.

[2] *Ibid.*, VI. p. 236; Coxe, *Walpole*, II. p. 210.

[3] *Proceedings of the House of Lords*, III. p. 160.

[4] *Ibid.*, III. p. 184.

stated that in the forenoon Vernon (a connection of Aislabie's) had asked to see him, and said that there was "a disposition in the House to show favour to Aislabie, and that it was in General Ross' power to do him a service, and for the same Aislabie would make him any acknowledgment in any manner he thought fit[1]." The House resolved that this request contained evidence of a corrupt design, and Vernon was expelled.

Aislabie next appealed to the Lords and made two very long speeches in his defence. These traversed the same ground and consisted partly in denials of the charges of the Committee, partly of evasions of those charges. Aislabie had complained, with more reason than perhaps he knew, of his disadvantage in being without the aid of counsel, for he made several admissions that damaged his position, and sometimes betrayed a callousness, in reference to financial uprightness, that was offensive even to the lax conscience of the eighteenth century politician. For instance there was no proof, but only a strong suspicion, that any part of Waller's balance with the Sword Blade company belonged to him, but on this occasion he stated that £53,000 was his property. Then, when he came to deal with the purchases and sales of stock before the passing of the act, he seems to have thought that it was a sufficient answer that the purchases were made with his own money and therefore could not be a breach of trust[2]—as if there might not be more serious frauds on the nation than speculating with public money[3]. It is somewhat curious that the concluding sentences of the second speech contain a half-punning allusion both to the corrupt offer made to General Ross and to the advocacy of Walpole, a somewhat flippant conclusion to a defence of any man's honour—"I heartily wish," he is reported to have said, "that the worst of my enemies may in their day of trial, after such a prosecution and such an enquiry, be able to make their innocence abide the test as well as mine has done. I have made no base submissions, no unworthy applications to any man, notwithstanding the vanity of one of the Secret Committee. My innocence has been my only screen[4] and your Lordships' justice is my refuge." The Lords unanimously resolved

[1] *Proceedings of the House of Commons,* VI. p. 245.

[2] *Proceedings of the House of Lords,* III. p. 162; *Mr Aislabie's Second Speech on his Defence in the House of Lords, July* 20, 1721, p. 6.

[3] There had been considerable misappropriation of public moneys by certain officials. Thus Richard Hampden, Treasurer of the Navy, was charged with having used over £30,000 of the funds in his custody for the purchase of South Sea stock; while it was admitted by Sir Harcourt Masters, a Receiver of the Land Tax for Middlesex, that he had employed close on £40,000 belonging to the Crown in speculation. *The Several Reports of the Committee of Secrecy,* 1721, pp. 68, 69.

[4] Walpole was called "the *screen*" of the persons accused.

to refuse Aislabie's petition, and to include his effects in the forfeiting bill[1].

There remained the cases of Sunderland and Craggs. In that of the former, there was no corroborative evidence; and, on the accused giving an explicit denial to the charge, the issue was narrowed down to whether his word or that of Blunt should be accepted. The House of Commons, which heard the witnesses on March 15th, decided, mainly on party grounds, that Sunderland was innocent by a majority of 233 to 172—a verdict which may in part have been occasioned by the knowledge that, so far from gaining, the accused had lost money during the speculation of 1720[2].

Craggs, having perished by his own hand, the House of Commons did not pursue the case against him, beyond resolving that the increase in his estate during the speculative period should be confiscated; and, while his representatives were being heard in the House of Lords against this resolution, a most damning piece of evidence came to light. As with Aislabie, it was alleged, apparently in the most circumstantial manner, that the purchase-money for stock had been paid, but, on Sawbridge being pressed he, after much evasion, confessed that the money was never paid, nor had there ever been any intention of paying it[3].

It has sometimes been said that the proceedings in Parliament were vindictive, and that there was a disposition to condemn the accused on mere suspicion[4]. The completeness of the proofs adduced in the cases of the four ministers implicated, obtained under great difficulties, owing to the absence of Knight and the concealment of material books and documents, is sufficient to show that, even in a time of panic, justice was still administered. On the contrary, in this case punishment lagged far behind ill-doing, for the convictions only accounted for £52,000 of the £574,500 fictitious stock, so that, as a matter of fact, only one-eleventh part of the bribes had been traced, and the recipients punished.

The final act of retribution fell upon the erring directors. On the earlier disclosures of the Secret Committee, resolutions had been passed condemning their malpractices, and such of them as were members of Parliament had been expelled. As evidence accumulated, those who were most culpable were committed to the Tower. While the House of Commons was engaged in hearing the charges against the ministers implicated, a separate investigation was being made by the House of

[1] *Proceedings of the House of Lords,* III. p. 184; *Mr Aislabie's Second Speech,* pp. 21, 22.

[2] *Proceedings of the House of Commons,* VI. p. 237; Coxe, *Walpole,* II. p. 190; Mahon, *Hist. of England,* II. p. 21.

[3] *Proceedings of the House of Lords,* III. p. 184.

[4] Cf. Gibbon, *Miscellaneous Works,* I. p. 16.

Lords. As a result of this enquiry, evidence came to light showing that some of the directors not only had bribed members of the ministry, given preferential treatment to certain persons, and inflated the price of the stock, but also that they had betrayed their fellow stockholders by fraudulently maintaining high prices long enough to enable them to sell their personal holdings of stock, either to the company or the public[1]. This characteristic, as well as others, differentiates the conduct of the inner group of directors of the South Sea company from that of the committees of the old East India company in 1694. The latter availed themselves of bribery, under the pressure of events, and according to the custom of the time. In spite of threats and penalties, the court remained loyal to the stockholders. The most prominent South Sea directors, on the contrary, betrayed their fellow stockholders; and, so far from being forced into bribery, they occupy the *rôle* of tempters, not of the tempted.

After the passing of the act, restraining the governors and directors from leaving the country, there remained the fixing of the penalty to be exacted from them. An inventory of their estates was obtained, from which it appeared that some, who were already implicated in the most doubtful transactions, had made large gains. For instance the estate of Sir John Fellowes, the sub-governor, was £243,000, and that of Sir Theodore Janssen was the same amount. There were five other estates over £100,000—those of Sir John Blunt, of Chester, of Gibbon, of Read and of Surman, the deputy-cashier. Many of the remainder had property exceeding £50,000, but in ten cases the estates were under £25,000, showing that a number of the directors had been excluded from participation in the knowledge of the causes of the market fluctuations that had been arranged secretly by their colleagues.

There was a party, both inside the House of Commons and throughout the country, that clamoured for the most severe measures. Capital punishment and imprisonment were demanded, but it was eventually decided that the estates of the directors and prominent officials should be confiscated, subject to certain allowances. The penalty, exacted from Aislabie and Craggs, was the restoration of all property, obtained in the one case from October 1st, 1718, and in the other from December 1st, 1719. The nett proceeds were to be handed over to the company. Thus this bill, in the cases of Aislabie, the representatives of Craggs and any of the directors who had small property before 1720 and who had largely increased it during that year, was one of restitution, not of the exaction of a penalty. When the scale of allowances to be granted was debated, a few members lowered the dignity of the House

[1] *Journals of the House of Lords,* XXI. p. 484.

by taunting the unfortunate directors, some proposing allowances of one shilling, or a few pounds. Others recalled instances of discourtesy when the South Sea directors had been "as kings"; and, in the case of Grigsby, the accountant (who having become suddenly well-to-do had all the arrogance of the parvenu and had ordered his coachman to feed his horses with gold), it was proposed that he should be allowed out of his estate just as much gold as he could eat[1]. These were mere ebullitions of personal feeling from individuals that must be expected, and allowed for, after any great national calamity.

The general temper of the House, while not lenient, endeavoured to make itself just by considering each individual case on its merits. Including Aislabie and the representatives of Craggs, there were thirty-five estates subject to confiscation. In three cases, where the persons involved owned property valued altogether at under £15,000, practically the whole amount was returned them, as an allowance. In seven estates more than half the value was allowed. Most of these were under £20,000, but one of them—that of Gore—was returned at £38,936, the amount returned him being £20,000. In other cases where the estate was large, and the director had not been involved, a very considerable return was made. Thus Sir Theodore Janssen received back £50,000 out of £243,244, and Col. Raymond £30,000 out of £64,373. Men, who were wealthy and had some knowledge of the indirect proceedings of their colleagues, were permitted to retain £10,000 each. More drastic measures were taken with nine persons—Joy, Astell, Blunt, Hawes, Holdich, Lambert, Sawbridge, directors, and Surman and Grigsby, officials. The doings of all these had been recorded in the reports of the Committee of Secrecy. Joy and Astell, as having been implicated, received £5,000 out of their estates[2]. There was considerable difference of opinion in the cases of Holdich and Lambert, some being against any material allowance, others in favour of one of considerable amount. Both, after a division, were allowed to retain £5,000. The same amount (out of £121,321. 10*s.*) was granted Surman, and Sawbridge was to receive the same out of £77,254. There was a long debate on the allowance to be made to Blunt. His estate was returned at £183,349; and, in view of the assistance he had given to the Committee of Secrecy, it was proposed by some of the members that he should be permitted to retain £10,000. This was opposed by several speakers, who had suffered in some of Blunt's former promotions. He had defied the House of Lords, refusing for a long time to answer questions similar to those he had replied to previously in the Commons. His over-bearing manner had probably as much to

[1] *Proceedings of the House of Commons,* VI. pp. 247–52.

[2] Joy's estate was £40,105. 2*s.* 0*d.,* Astell's estate was £27,750. 19*s.* 8¾*d.*

do with the reduction of his allowance to £1,000 as the large part he undoubtedly played in the most discreditable episodes of the year 1720. Of all the directors, Hawes, who had been concerned in transactions with Aislabie, received the smallest allowance, on the ground that he had encouraged the speculation and had been responsible for the ruin of some clerks in the Navy Office, whom he had induced to speculate, it was said, with public money. His estate was £400,031, of which he was only to retain the odd £31[1].

I. The Final Re-adjustment of the South Sea Scheme by Parliament (1721).

Not only was it necessary that Parliament should fix the responsibility for the miscarriage of the conversion of the National Debt, but it had an even more important duty to discharge in retrieving the discredit of the South Sea company; for, since that institution was the agent of the government, as long as it remained in an embarrassed condition, the credit of the State would suffer. Under the re-arrangement of terms in September 1720, all the holders of debts, who converted in that year, held South Sea stock at a nominal price of from 375 to 400. The market price at the end of the year was between 140 and 200, so that the dissatisfaction of the holders, who had converted, was very great. Many efforts were made to obtain some revision of the terms, which the owners of securities had accepted, and it was possible that the contracts made by the South Sea company might have been annulled. Such an occasion was the touchstone of the national honesty; for, if the agreements made and accepted between the State and the company had been broken, in the condition of the finances, repudiation would have followed. The conduct of Parliament in this crisis fully confirms the account given above of the general character of even-handed justice meted to the directors, and it remained to extend the same treatment to the stockholders who had come into the company, as far as was possible in the circumstances. The policy of fulfilling strictly all the national agreements was admitted as the guiding principle of the re-adjustment; and it may be said that the results of the panic were not all loss since the country was enabled, in the midst of fraud and financial confusion, to maintain the national integrity so that its engagements should be duly met. It was literally true that the national honour, rooted in dishonour, *stood*.

[1] The inventory of estates is printed in *Proceedings of the House of Commons,* VI. p. 251.

Although Walpole had, for party reasons, endeavoured to secure the acquittal of the implicated ministers, to him belongs the credit of proposing and carrying through a scheme for restoring the credit of the company, which was the best that could have been devised at the time. This scheme was very simple. Walpole saw that the State could not exact the money promised by the company. It was proposed therefore that this should be remitted, and it would follow that the surplus stock, being exempted from this liability, would be rendered available for the relief of the subscribers. The speculative possibilities of such stock had, as has been shown, been an element of danger and might become such again, therefore it was determined that this stock, together with the amount realized from the estates of the delinquent directors and ministers, should be divided amongst the stockholders who had subscribed their government debts in 1720 according to certain ratios. To prevent the danger that might arise from the aggregation of capital, powers were given to the Bank and East India company to "engraft," into their respective capitals, nine millions each of that of the South Sea company. As its issuable capital was £38,000,000, a reduction of £18,000,000 would have brought it to £20,000,000 and would have removed the great disparity between the nominal capitals of the three companies. This proposal was permissive, not compulsory, and the East India company did not purchase any South Sea stock and the Bank only £4,000,000. In addition, £2,000,000 stock was cancelled (but afterwards re-created), so that in 1722 the capital stood at nearly £32,000,000.

It was far from easy to pass these proposals, which were very warmly debated on December 19th, 1720, and were carried in principle, apart from details, by 259 votes to 117[1]. On the second reading of the bill a violent and angry mob of persons, who had converted their annuities and redeemables into South Sea stock, invaded the lobbies of the House. It required the reading of the "Riot Act" before they could be induced to disperse, and many were expelled from the precincts exclaiming—"You first pick our pockets and then send us to gaol for complaining[2]."

The act, embodying this re-arrangement of the scheme, provided that the surplus stock should be divided in the following proportions:

	£	s.	d.	
On each £100 Long Annuity, an addition to the South Sea stock received in exchange of	203	6	8	stock
On each £90 Short Annuity, an addition to the South Sea stock received in exchange of	73	9	4	,,
On Annuities of £100 in the Lottery 1710, similarly ...	65	16	8	,,
On Annuities of £98—Blanks Lottery 1710, similarly	126	14	8	,,
On each £100 of capital in the redeemable debts exchanged	33	6	8	,,

[1] *Proceedings of the House of Commons*, VI. p. 226. [2] Coxe, *Walpole*, I. p. 155.

J. The Incidence of the Losses remaining to be borne after the Re-adjustment of 1721.

The knowledge of the exact additions to each proprietor's holding enables a calculation to be made as to how he was ultimately affected by the re-adjustment. The two classes of debts, held in largest quantities, were the long annuities and the redeemables. There was only one subscription of the latter, but there had been two of the former. Therefore, holders of a long annuity of £100, who had subscribed it at the first and second subscriptions respectively and who had not sold the stock received in exchange, would be affected in the manner shown in the following tables, in terms of the original purchase price.

The effect of the South Sea conversion on a Long Annuity of £100 subscribed, which was originally acquired at 16 years' purchase.

A. *The effect as to Capital.*

	Subscription I.		Subscription II.	
	Cash £	Stock £ s. d.	Cash £	Stock £ s. d.
£100 long annuity, at 16 years' purchase, cost	1,600		1,600	
The annuitant on converting received in cash	575		400	
Balance of original cost payable in South Sea stock	1,025		1,200	
Which, at the rates of exchange, yielded stock		700 0 0		800 0 0
Add 10 °/。 Midsummer dividend 1720, paid in stock		70 0 0		80 0 0
Add stock distributed, out of the surplus stock, on the re-adjustment of 1721		203 6 8		203 6 8
Total stock received in exchange for original purchase prices of £1,025 and £1,200 respectively		973 6 8		1,083 6 8
Equivalent to a purchase of South Sea stock at		105 6 2		110 15 5

B. *The effect as to Income.*

	Capital £	Income £ s. d.	Capital £	Income £ s. d.
Dividend on cash payment at 5 °/。 ...	575	28 15 0	400	20 0 0
,, stock at 5 °/。 (subject to reduction to 4 °/。)	973⅓	48 13 4	1,083⅓	54 3 4
Total income annually 1721–7 ...		77 8 4		74 3 4
Original income (terminable on expiration of annuity)		100 0 0		100 0 0
Loss of income (subject to further reductions)		22 11 8		25 16 8

The effect of the South Sea conversion on £1,000 capital of the redeemable debts subscribed, originally issued at par.

A. *The effect as to Capital.*

		£ s. d.
Original issue-price	£1,000	
Exchanged for South Sea stock, after the re-adjustment of September 1720		262 10 0
Add 10 % stock dividend		26 5 0
Add stock distributed out of the surplus stock 1721 ...		333 6 8
Total stock received in exchange		622 1 8

Thus South Sea stock was held, in terms of issue price, at $160\frac{3}{4}$.

B. *The effect as to Income.*

	At 5 %[1] £ s. d.	At 4 %[1] £ s. d.
Original dividend on £1,000 capital	50 0 0	40 0 0
Dividend on £622 South Sea stock, received in exchange	31 2 0	31 2 0
Annual loss of income	18 18 0	8 18 0

Comparison of the final position of the Long Annuitants and Subscribers of Redeemables.

	Prices at which South Sea stock was held in terms of original purchase price	Loss of income on South Sea stock, dividend of 5 %
Long annuitant, subscription I. ...	$105\frac{1}{4}$	$22\frac{1}{2}$ %
" " " II. ...	$110\frac{3}{4}$	$25\frac{3}{4}$ %
Holder of redeemables at 5 % ...	$160\frac{3}{4}$	$37\frac{3}{4}$ %
" " " 4 % ...	$160\frac{3}{4}$	$22\frac{1}{4}$ %

It will be seen from the foregoing figures that the position of the long annuitant, as to capital-value, in terms of the original cost of the investment, was not unfavourable. Those who had subscribed in May 1720 held their South Sea stock as low as $105\frac{1}{4}$, and those, who had exchanged in August, at $110\frac{3}{4}$, both in terms of the highest price of issue. It is to be remembered that, with the improvement in credit from 1717 to 1719, the price of annuities was higher, and the purchaser of that period would hold his South Sea stock at a proportionately higher price. Still it is noteworthy, in spite of the views as to the great losses occasioned by the speculative era and of the high prices at which the stock was exchanged, that in terms of capital-value, on the basis of an original purchase price at 16 years, these proprietors held their stock

[1] Some of these loans were borrowed at 5 %, some at 4 %.

at a figure which left them a large margin of safety in comparison with the lowest price of the year 1720.

It was rather from the diminution of income that the long annuitant suffered. Most of these securities were held for marriage-portions and jointures[1], and therefore the beneficiaries constituted just that class which feels any change of the kind most severely. The gain that accrued to them from converting, namely the substitution of a permanent source of income for one that was of a wasting nature, was not recognized as a sufficient compensation, for any of the long annuities would have out-lasted the life of a woman married by 1720. It is true that the percentage, represented as reduction of income, might have been made good by the trading profits of the company, but it was undesirable that settled incomes should be made subject to trading-risks. On the other hand, the eventual reduction of income would tend to become greater, since the debt due to the company was redeemable; and, as a matter of fact, the interest was subject to reduction from 5 per cent. to 4 per cent. and was later lowered to 3 per cent. Therefore, as far as could be seen in 1721, the most the company could be expected to do would be to maintain a 5 per cent. dividend out of its trading profits; and, on this basis, the figures given for loss of income would not have been exceeded.

The real hardship fell upon the owners of redeemable debts, who converted. They held their stock at 50 per cent. higher than the long annuitants and they had to face a greater loss of income. Instead of 4 or 5 per cent., they were reduced to a return on their original investment of a fraction over 3 per cent., even on the company succeeding in maintaining a steady 5 per cent. dividend. The hardship borne by the long annuitants was an accidental one, arising out of so many of these securities forming settled estates, whereas that borne by the redeemables was universal, and affected any holder whatever his environment may have been.

Then there is the position of the State, as affected by the conversion, to be considered. It would have been inequitable to have thrown the whole loss on the shoulders of the debt-holders. For, in so far as the authorized agents of the State, who had been appointed to control the execution of the scheme, connived at the spoliation of owners of government debts, so far the State was responsible. The penalty for this laxity was paid by the remission of the sum receivable from the company for the privilege of converting the debts. The country as a whole suffered by the breakdown of credit and the failure of bankers[2].

[1] *Proceedings of the House of Commons*, VI. p. 114.

[2] An attempt is made to provide a quantitative estimate of this loss in *Considerations on the Present State of this Nation as to Publick Credit, Stocks, the Landed and Trading Interests*, London, 1720, pp. 19–31.

Against this however is to be set the gain accruing from the reduction of interest, which was applied to the gradual paying off of the South Sea capital, eventually resulting in the extinction of this portion of the debt.

It might be hastily concluded that, since the price, towards the end of the year 1720, was not far removed from that obtaining before the conversion had been undertaken, the speculating class as a whole had neither gained nor lost, the profit of one individual having been the loss of another. Such an estimate however overlooks the fact that the stock at the close of the year had been more than trebled, and that nearly one-third of the total had been issued as against cash at prices from 300 to 400, and that therefore a reduction of the quotation to less than one-half of that at which these securities had been allotted, meant a most serious loss in the aggregate. The distress thus occasioned, serious as it was, became trifling when compared with the enormous transactions on a credit basis. Immense purchases were made on margins, and "options" as well as sales for "forward delivery" were the rule rather than the exception. These dealings were so great—for instance in the week ending August 22nd no less than 36,000 separate transfers had been registered at the South Sea House[1]—that the strain on credit gradually increased, until a breaking point was reached. The speculator undoubtedly suffered by the manipulation of the market by the directors. The price of the stock was artificial, caused by the increase of the demand for, and a simultaneous contraction of the supply, both brought about by indirect means. Under these circumstances, when it was no longer possible to support the market, the reaction was most violent, and there was no opportunity given to realize pawned stock before the price had fallen far below the margin. This fact accounts for the numerous failures of bankers in September, with a resulting disorganization of credit and industry throughout the whole country. What differentiates this and the corresponding panic in France from most collapses of credit was the fact that in both cases it was the holders of government stocks who were primarily affected. Any of these, who speculated by borrowing money on the stock they received through converting, in order to buy more, were seriously involved by the collapse. Now the ruin of a large proportion of the "leisured classes" is a catastrophe which can be remedied only by very slow degrees. Capital is withdrawn in innumerable directions, and the whole commerce of the nation feels the contraction of its resources.

Many estimable persons are of opinion that the speculator deserves little sympathy. It is constantly alleged that he is merely betting on the future; and, even if this is so, it would probably be admitted that

[1] *Caledonian Mercury*, Aug. 22, 1720.

when the State sanctions such gambling (as it did in the case of the South Sea company, through the connivance of responsible ministers), that the play should be open and above-board. It has already been shown that the market was fraudulently manipulated, and it was such manipulation that constituted the real grievance of the ruined speculator and made the successful one at least an unconscious accessory after the fact.

But whatever may be one's judgment on the ethics of modern speculation, in the seventeenth and eighteenth century, the State not only encouraged but often represented such adventures of capital as a part of the duty of a patriot. In this connection it is only necessary to refer to the advertisements of the state-lotteries of the period. There is abundant testimony that any, who spoke or wrote against the company when the fever was at its height, were held to be disaffected[1]. So that so far from the speculator being blamed for his rashness at this time, it is to be remembered that all information that would enlighten him was discouraged, while he was overwhelmed, and too often carried away, by data designed to mislead.

While sympathy must be accorded to those who suffered by the scheme; in spite of the immediate loss and suffering, the nation may be congratulated on having escaped through the impatience of the directors and the rapacity of some ministers from greater possible evils in the future. Reference has already been made to the dangers, contained in the aggregation of such an immense capital for the time. Had that capital been really organized on the system indicated by Law and as originally intended, eventually a huge trust would have been formed, more potent for evil than any yet established in the history of Western Civilization. The capital actually "issuable" was close on thirty-eight millions, this was more than four times as great as the combined capitals of the Bank and the East India company. Like these, it was lent to the State, and the resources of the three companies consisted in the funds obtainable on the security of the government debt. Further, the South Sea company had its surplus stock to provide it with additional funds. In the corrupt state of domestic politics, it was feared at the time that the company would be able to control the ministry in power at any given period, and that therefore it could secure parliamentary sanction of its schemes. If the directors had not confined themselves to the manipulation of the stock-market, they could soon have reverted to their original scheme of amalgamating with or absorbing the Bank and East India company. The funds of

[1] Cf. Archbishop King's Correspondence. Library Trin. Coll. Dublin MSS. N. 3. 6, f. 175. (King received many letters from Molesworth which supplement in a number of particulars those of Broderick.)

both were redeemable by Parliament, and a Parliament subservient to the South Sea company would have been forced to sanction the conversion of these debts. The African company was in an embarrassed condition, and the stockholders would have sold, or could have been compelled to sell, their property and privileges for about half a million. This would have given to the company the monopoly of financial operations at home and that of the whole British trade south of the Equator. Nor would the consolidation have ended at this point. Much of the home trade would have eventually fallen under the control of the trust, and in time it would have subjected British industry to the will, even to the caprice, of the directors of the company. If such a trust had been formed in Britain, its power could only have been curbed by a revolution against the new plutocracy. Therefore, however distressing were the scenes of the autumn of 1720, these were a small price to have paid to escape the greater tragedies of an outbreak such as occurred in France at the close of the century.

THE TERMS ON WHICH THE SOUTH SEA COMPANY CONVERTED THE DEBT IN 1720.

A. *Uncorrected Figures.*

(N.B. On revising the accounts it was found that the amounts of the various debts subscribed had been overstated. In the following figures odd shillings and pence are omitted for purposes of simplification of the scheme. In the later corrected figures given below (*vide* "Summary of the Capital of the South Sea Company," p. 360) shillings and pence are included.)

Date		Cash receivable by the Company	Stock issued by the Company to effect various conversions	Cash payable by the Company	Total increase in capital rendered possible = debt due by the Government to the Company
		£	£	£	£
1719	Capital of the company at the end of 1719		11,746,844		11,746,844
1720 April 14	*First money subscription.* Issue of £2,000,000 stock at 300. The total issue was in reality £2,252,000 stock	6,756,000	2,252,000		
April 30	*Second money subscription.* Issue of £1,000,000 stock at 400. The total issue was in reality £1,500,000 stock	6,000,000	1,500,000		
May 19	*First subscription of Long Annuities.*				
	Terms of subscription.				
	£100 annuity capitalized at 32 years' purchase = £3,200 payable as to £2,625 in stock at 375 = 700 stock = (at 375)... ... £2,625				
	,, ,, £575 in cash and bonds 575				
	£3,200				
	There were subscribed £427,340 annuities, capitalized *by the company* at 32 years' purchase paid as above.				
	(1) The exchange of *stock* at 700 stock per £100 annuity required an issue of stock ... ... $= \frac{427,340 \times 700}{100} =$		2,991,380		
	(2) The payment in cash and bonds per £100 annuity required ... ... $= \frac{427,340 \times 575}{100} =$			2,457,205	

	The £427,340 annuities were capitalized *by the government* at 20 years' purchase, therefore the government debt due to the company (as also the amount of stock that the company was now authorized to issue) was increased by $427,340 \times 20$				8,546,800
May 19	*First subscription of Short Annuities.*				
	A. *Terms of subscription of Short Annuities other than the Lottery Loan of* 1710.				
	£90 annuity capitalized at 17 years' purchase = £1,530 payable as to £1,312. 10*s.* in stock at 375 = 350 stock = (at 375) ... ... £1,312. 10*s.* payable as to £217. 10*s.* in cash and bonds ... ... 217. 10*s.* £1,530. 0*s.*				
	There were subscribed £48,132 annuities capitalized *by the company* at 17 years' purchase and paid as above.				
	(1) The exchange of *stock* at 350 stock per £90 annuity required an issue of stock ... ... $= \frac{48,132 \times 350}{90} =$		187,180		
	(2) The payment in cash and bonds per £90 annuity required ... ... $= \frac{48,132 \times 217\frac{1}{2}}{90} =$			116,319	
	The £48,132 annuities were capitalized *by the government* at 14 years' purchase, therefore the government debt due to the company (as also the amount of stock that the company was now authorized to issue) was increased by $48,132 \times 14$				673,848
	B. *Terms of subscription for Lottery Loan of* 1710.				
	(*a*) For Prizes.				
	£100 annuity capitalized at 17 years' purchase = £1,700 payable as to £1,500 in stock at 375 = 400 stock = (at 375) ... ... £1,500 " " £200 in cash and bonds 200 £1,700				
	There were subscribed £15,988 annuities capitalized *by the company* at 17 years' purchase and paid as above. (Since it is not known what proportion of the £15,988 was prizes and what proportion blanks, that proportion *has been assumed* as half in each case, *i.e.* £7,994 Prizes, £7,994 Blanks.)				

Date		Cash receivable by the Company	Stock issued by the Company to effect various conversions	Cash payable by the Company	Total increase in capital rendered possible = debt due by the Government to the Company
		£	£	£	£
	Brought forward	12,756,000	18,677,404	2,573,524	20,967,492
	Supposing therefore £7,994 Prizes to have been subscribed,				
	(1) The exchange of *stock* at 400 stock per £100 annuity required an issue of stock ... ... $=\frac{7,994 \times 400}{100}=$		31,976		
	(2) The payment in bonds and cash per £100 annuity required ... ... $=\frac{7,994 \times 200}{100}=$			15,988	
	The government capitalized these annuities at 14 years' purchase, therefore the debt was increased by 7,994 × 14				111,916
	(*b*) For Blanks.				
	£98 annuity capitalized at 17 years' purchase = £1,666				
	payable as to £1,312. 10*s*. in stock at 375 = 350 stock =(at 375) ... ... £1,312. 10*s*.				
	payable as to £353. 10*s*. in bonds and cash ... ... 353. 10*s*.				
	£1,666. 0*s*.				
	Supposing £7,994 Blanks to have been subscribed,				
	(1) The exchange of *stock* at 350 stock per £98 annuity would require an issue of stock ... ... $=\frac{7,994 \times 350}{98}=$		28,550		
	(2) The payment in bonds and cash per £98 annuity required ... ... $=\frac{7,994 \times 353\frac{1}{2}}{98}=$			28,835	
	The government capitalized these annuities at 14 years' purchase, therefore the debt was increased by 7,994 × 14				111,916
	Totals, First Series of Subscriptions	12,756,000	18,737,930	2,618,347	21,191,324

Aug. 4	*Second subscription of Long Annuities.* *Terms of subscription.* £100 annuity capitalized at 36 years' purchase = £3,600 payable as to £3,200 in stock at 800 = 400 stock = (at 800) ... £3,200 ,, ,, £400 in bonds and cash 400 £3,600				
	There were subscribed £125,392 annuities, capitalized *by the company* at 36 years' purchase, paid as above. (1) The exchange of *stock* at 400 stock for £100 annuity required an issue of stock ... ... $= \frac{125,392 \times 400}{100} =$		501,568		
	(2) The payment in cash and bonds for £100 annuity required ... ... $= \frac{125,392 \times 400}{100} =$			501,568	
	The £125,392 annuities were capitalized *by the government* at 20 years' purchase, therefore the debt was increased by 125,392 × 20				2,507,840
	Second subscription of Short Annuities. A. *Terms of subscription of Short Annuities other than the Lottery Loan of* 1710. £90 annuity capitalized at $17\frac{7}{9}$ years' purchase = £1,600 payable wholly in stock at 800 = 200 stock = (at 800) £1,600				
	There were subscribed £18,750 annuities, capitalized *by the company* at $17\frac{7}{9}$ years' purchase paid as above, namely $\frac{18,750 \times 200}{90}$, requiring an issue of stock		41,666		
	The £18,750 annuities were capitalized *by the government* at 14 years' purchase, therefore the debt was increased by 18,750 × 14				262,500
	B. *Terms for subscription of the Lottery Loan of* 1710. (*a*) For Prizes. £100 annuity capitalized at $17\frac{1}{2}$ years' purchase = £1,750 payable as to £1,600 in stock at 800 = 200 stock = (at 800) ... £1,600 ,, ,, £150 in bonds and cash 150 £1,750				

Date		Cash receivable by the Company	Stock issued by the Company to effect various conversions	Cash payable by the Company	Total increase in capital rendered possible = debt due by the Government to the Company
		£	£	£	£
	Brought forward	12,756,000	19,281,164	3,119,915	23,961,664
	(Since it is not known what proportion of the amount subscribed (which was £14,906) was Blanks and what proportion Prizes, *it has been assumed* that half consisted of each, *i.e.* £7,453 Blanks and £7,453 Prizes.)				
	Supposing therefore £7,453 prize annuities were subscribed,				
	(1) The exchange of *stock* at 200 stock per £100 annuity would require an issue of stock ... ... $= \frac{7,453 \times 200}{100} =$		14,906		
	(2) The payment in bonds and cash per £100 annuity would require... ... ... $= \frac{7,453 \times 150}{100} =$			11,180	
	The government capitalized these annuities at 14 years' purchase, therefore the debt was increased by $7,453 \times 14$				104,342
	(*b*) For blanks.				
	£98 annuity capitalized at $17\frac{1}{2}$ years' purchase = £1,715				
	payable as to £1,680 in stock at 800 = 210 stock = (at 800) ... £1,680				
	,, ,, £35 in bonds and cash 35				
	£1,715				
	Supposing £7,453 annuities were subscribed,				
	(1) The exchange of *stock* at 210 stock per £98 annuity would require an issue of stock ... ... $= \frac{7,453 \times 210}{98} =$		15,971		
	(2) The payment in bonds and cash per £98 annuity would require... ... ... $= \frac{7,453 \times 35}{98} =$			2,662	
	The government capitalized these annuities at 14 years' purchase, therefore the debt was increased by $7,453 \times 14$				104,342

Aug. 12	*The subscription of the Redeemable Debts.*				
	Terms of subscription.				
	£100 capital of redeemable debt was accepted at 105, payable in stock at 800.				
	£14,393,788 of redeemables were subscribed, which required an issue of stock ... ... $= \frac{14,393,788 \times 105}{800} =$		1,889,185		
	£14,393,788 of redeemables by Act 6 George I. cap. 4 were to be taken at par for the calculation of the increase of the debt due by the government to the company; therefore the debt and issuable capital were increased by that amount				14,393,788
	Total subscriptions of all government debts converted and of first and second money subscriptions	12,756,000	21,201,226	3,133,757	38,564,136

B. *Summary of the Capital of the South Sea Company* (1711–20). *Final Figures.*

			£ s. d.	£ s. d.
1711.	Total debts subscribed with deficiencies, &c.			9,177,967 15 4
1715.	Additional stock for arrears and service of the year ...			822,032 4 8
	Total 1715			10,000,000 0 0
1719.	Stock issued in exchange for Short Annuities subscribed			1,746,844 8 10
	Total 1719			11,746,844 8 10
1720.	Stock authorized for Irredeemables exchanged		£12,069,949 2 6	
	Stock authorized for Redeemables exchanged		13,985,409 14 $2\frac{1}{2}$	
				26,055,358 16 $8\frac{1}{2}$
				£37,802,203 5 $6\frac{1}{2}$

C. *The Reduction made by the Company to the Second Group of Subscribers in September* 1720.

Long Annuities capitalized at *32* years' purchase and converted into South Sea stock at *400*.

Short Annuities. Lottery Loan of 1710 Prizes and Blanks, *17* years' purchase and converted in South Sea stock at *400*.

Third and Fourth Money Subscriptions were taken for South Sea stock also at *400*.

D. *Highest and Lowest Prices and Dividends on South Sea Stock.*

Year	Prices			Dividends
	Date of highest price	Highest and lowest prices	Date of lowest price	
1711	Nov. 19	82—$71\frac{1}{4}$	Dec. 12	
1712	June 6	$88\frac{1}{4}$—$71\frac{5}{8}$	April 4	6
1713	June 12	$97\frac{3}{4}$—$82\frac{1}{2}$	Jan. 23 to Feb. 20	6
1714	Sept. 17	99—82	July 30	6
1715	May 6	$101\frac{1}{2}$—88	Oct. 26	6
1716	Oct. 14	$110\frac{1}{4}$—$96\frac{1}{4}$	July 6	6
1717	Dec. 23—30	$120\frac{1}{4}$—$95\frac{1}{4}$	March 8	6
1718	Feb. 10	120—$103\frac{7}{8}$	Nov. 20	5
1719	Nov. 26	$127\frac{3}{4}$—107	March 6	?5
1720	June 25	1050—124	Dec. 14	10[1]

[1] Midsummer, paid in stock.

DIVISION XI.

UNDERTAKINGS FOR EFFECTING INSURANCES.

SECTION I. THE EARLY HISTORY OF INSURANCES IN ENGLAND.

Just as production was at first carried on under the domestic system, so insurance at a very early period in England had reference to the provision against the various adverse conditions that might befall a family or any one of its members. This characteristic was of equal importance with the social one in the organization of the Saxon and Anglo-Norman gilds. These bodies provided against losses from fire, besides securing gildsmen an income during sickness, arranging for their burial and, in some cases, making loans to members or their children, either without interest or at a low rate. On the decay of the original undifferentiated gild, some of its functions were continued by its successors the gild-merchant, the craft-gild, the city company and, even to a small extent, by the regulated and joint-stock companies. Between the fourteenth and seventeenth centuries social conditions had been changing. On the whole, although death by violence was still only too common, life-risks had become less. The more permanent style of domestic architecture should have tended to diminish losses by fire; so that, great as were the risks to life and property from a modern standpoint, it may have appeared that the need for insurance was not so great; and, at the same time, the decline of the gilds had removed the organization, through which hitherto the provision had been made.

While the practice of something resembling fire and life insurance seems to have diminished, the principle of assurance was being developed in quite a new direction, namely in securing against marine risks. The method, by which this was effected, introduces the new element of the substitution of a proprietary for a mutual insurance. In the gild the members really constituted a species of benefit society, whereas marine insurance was conducted by persons who had no special connection, outside that transaction, with those assured.

It is difficult to determine how early this species of transaction began. It may have been a development of the *fœnus nauticum* of the later Roman Empire; or, on the other hand, the loan on bottomry may have been called into existence independently to meet the exigencies of the

case[1]. A loan on bottomry inverts the modern practice in marine insurance. The assured or borrower obtained the advance of a specified amount of capital, on condition that he should repay it, together with a premium on the return of his ship—the ship itself being the security. If the vessel were lost, there was no obligation to make good the sum lent[2]. During the Middle Ages the position of the Church with regard to usury made this form of investment a favourite one for persons, who had capital at their disposal and who did not wish to undertake the trouble of management in a partnership.

As early as the thirteenth century there appear to have been traces of bottomry in Italy; and, by the fourteenth century, it was common in Germany[3]. In 1453 an ordinance relating to marine insurance was promulgated by the magistrates of Barcelona[4], and the practice is said to have been adopted in England at an earlier date by the merchants of the Steelyard and by the Lombards[5]. In an act passed in 1601, establishing "an office of assurances," it is stated that there had been "tyme out of mynde an usage amongste merchantes both of this realme and of forraine nacyons" of this nature[6].

It would seem that, at first, marine insurance was conducted as a part of a general financial business, either by a body of merchants, such as those of the Steelyard, or by the goldsmiths. By 1574 the company of notaries had established a custom that policies should be registered by its members, and this body complained bitterly when a patent was granted in that year to Richard Candler for such registrations. It would appear that the notaries were not able to make good their claim, for in 1628 a patent was granted, conveying the monopoly of the registration of insurances within the city of London for thirty-one years[7]. As time went on, it may be concluded that marine insurance became more specialized; and, towards the end of the seventeenth century, the class of underwriters began to come into existence, as a body of persons who made this business their chief occupation. Although the amounts underwritten by individuals were small[8], yet the captures during the

[1] For the very early history of Marine Insurance *vide The Insurance Cyclopædia being...an historical treasury of events and circumstances connected with the Origin and Progress of Insurance, including a history of all known Insurance Offices founded in Great Britain from the Beginning,* by Cornelius Walford, I. pp. 333–8.

[2] *An Introduction to English Economic History and Theory,* by W. J. Ashley, I. Part II. p. 422.

[3] Walford, *Insurance Cyclopædia,* I. p. 338.

[4] *The History of Lloyd's,* by Frederick Martin, London, 1876, p. 23.

[5] *Ibid.*, pp. 6, 23. [6] *Statutes,* IV. Part 2, pp. 978, 979.

[7] *Fœdera,* XIX. p. 987; State Papers, Domestic, Charles I., XCII. 13; *Calendar,* 1628–9, p. 541.

[8] Cf. an interesting document, dated about 1654, setting forth the premiums and sums underwritten, printed by Martin, *History of Lloyd's,* pp. 52–4.

French war in the time of William III., amounting it is said to 15 millions between 1690 and 1692[1], ruined very many of them; and, in 1694, it was necessary to pass a special act of Parliament to protect them from their creditors[2].

The act of 1694 brought to light a point that had been raised thirty years earlier and which was again debated in 1719–20, namely the respective merits of individual underwriters, as compared with a joint-stock company. In 1662, Col. John Russell had petitioned for privileges for a proposed marine insurance company which was intended to have a capital of £100,000 or more[3], and in the same year a request was made for a charter of incorporation. It was then stated that the premiums averaged five per cent., and that it was expected the receipts would be £175,000 a year. The promoters hoped that, if the company were encouraged by an act of Parliament, in time it would become the insurance office of Europe[4]. There is no evidence that this undertaking was actually founded[5], and it was not until the eve of the South Sea period that joint-stock marine insurance, as far as is known, came into existence. Then it was alleged that many of the private underwriters had failed, and two undertakings—the existing London and Royal Exchange companies—were founded on the security of a sum of money, lent to the State[6]. Too little is known of the methods of the individual underwriters to enable the merits of the controversy, between them and the advocates of the joint-stock principle, to be determined. Although Lloyd's Coffee House had been established towards the end of the seventeenth century, as yet nothing corresponding to the modern Lloyd's had come into being[7]. The underwriters met together and were able to see their clients at a convenient place, but there seems to have been nothing of the nature of security required from them. Therefore, supposing a joint-stock company were established, which would be bound to hold a certain proportion of its capital in some easily realizable security, those insuring with it would have had certain advantages.

[1] *An Essay upon Projects*, 1697, p. 5.

[2] *Journals of the House of Commons*, XI. p. 5.

[3] State Papers, Charles II., Trade Papers, CXXXIII. pp. 70, 71; *Calendar*, 1661–2, p. 446.

[4] *Ibid.*, Domestic, Charles II., LXVI. 53; *Calendar*, 1661–2, p. 615.

[5] A copy of the form of marine policy of the time of Charles II. is printed in *The Merchant's Dayly Companion, printed for Thomas Malthus*, London, 1684, pp. 351–4.

[6] For an account of these companies, *vide infra*, Section IV.

[7] The "Marine Coffee House" at this period was a rival to "Lloyd's." The former was a favourite place for the taking of subscriptions for new companies during the South Sea period—cf. *infra*, Division XIII., Nos. 18, 24, 28, 34, 75, 86, 101, 182.

Further, the perpetual succession of the company would enable the assured to escape possible delays, in the event of the death of the individual underwriter.

As against these advantages of the company, as compared with the position of the individual underwriter at the beginning of the eighteenth century, there is to be set what was a distinct but temporary disadvantage, namely that although several successful fire and life insurance companies had been established before 1720, there had been many undertakings in these groups which had failed. The insurance-boom of 1710–11 was (or at least should have been) remembered, and many insurers may have thought that there was the advantage, in dealing with an individual insurer, that he was capable of being more easily reached, than a partnership.

Mention of the insurance undertakings of 1710–11 renders it necessary to glance back at the progress of life and fire insurance; for, although marine insurance, on a non-mutual basis, was earlier, it was the last of the three groups to be developed by means of joint-stock companies.

After marine insurance came some form of provision against certain adverse life-contingencies. It is stated by Francis that persons, who intended to make pilgrimages to distant countries, were in the habit of effecting a bargain, before they started, by which, in consideration of a certain payment, the assurer agreed to provide a ransom for the assured, in the event of the latter being taken captive. Similar arrangements were made by merchants who went on trading voyages. Or again, the contract might be of a different nature, when the traveller would deposit a sum of money on the understanding that, should he return to claim it, he was to receive a large addition to his deposit; if he failed to arrive home, the assurer retained the amount lodged with him[1].

Such arrangements might be best described as an anticipation of an accident-insurance. Before life-insurance could be started, it was necessary that there should be some knowledge of the expectation of life at any given age. Although it was long before reliable data were reached, two different tendencies were coming into existence, at the beginning of the seventeenth century, which collected the necessary materials for such calculations. One of these was the compilation of the "Bills of Mortality" in London after an outbreak of plague in 1592, which began by recording the number of deaths and afterwards the nature of the disease. To enable conclusions to be drawn, a reliable estimate of the population, affected by the statistics, was required; and,

[1] *Annals, Anecdotes and Legends of Life Insurance,* 1853, pp. 35, 36; Walford, *Insurance Cyclopædia,* I. pp. 52, 442, 443; *Merchant's Dayly Companion, ut supra,* p. 356.

towards the end of the seventeenth century, the investigations of Petty contributed to this object[1]. The other tendency was rather practical than theoretical. It arose from the growing custom of the paying of a sum of money in return for an income for life, or again the purchase of a reversion dependent on a life, or of a charge on a life-estate, or of a part of the profits of an office, the holder of which borrowed on his income from this source[2]. Transactions of this kind were almost a necessary consequence of the numerous grants of James I. and Charles I., as well as of the prevalent system of land tenure, although such operations are generally described as belonging rather to the nature of money-lending than to that of insurance[3]. Thus Briscoe describes how this "servile yoke...has eaten up several estates[4]." Naturally, while as yet the insurance of life-contingencies was unspecialized, contemporary writers would speak of such transactions as loans; but, at the same time, the essential characteristic, that the rate depended on the duration of a life, should not be ignored[5]. One of the many methods, by which loans were floated early in the reign of William III., was by means of annuities on one, two or three lives, but these were subsequently converted into long term annuities. Therefore, except as showing the increased attention that was being given to the expectation of life, the account of these obligations belongs rather to the financial operations conducted by the Bank of England and the South Sea company than to the history of insurance[6].

In spite of the interest shown in the duration of life, materials were as yet much too incomplete to enable life-insurance, as it is now known, to be started with any hopes of success. Indeed, prior to the investigations of Halley in 1693, it was generally accepted that the expectation of life was about seven years. Therefore, it could not be expected that, when life-insurance was started, any gradation of premiums could be made proportionate to the age of the assured. Moreover, when the assumed expectation of life was no more than a guess, it would have

[1] Even before the time of Petty some efforts had been made to ascertain the population of London; thus as early as 1636 a statement was framed, which professed to give the number of inhabitants of the City at that time—*Londinopolis*, by John Howell, 1657, p. 403.

[2] Cf. *Merchant's Dayly Companion*, p. 355—"Other assurances are made upon the lives of men and women, at a rate that is moderate. For by this means if you buy any place or office that is worth £1,000 or more, or less, and have not money enough to purchase it, you borrow 4 or 500 l. Now if you die and are not in a condition to pay this money, it is lost: But if you insure your life then your friend, that you did borrow it of, will have his money honestly paid him."

[3] *A Caution against Suretiship designed for the Benefit of English Subjects*, by R. A. Rector of Shrawarden, 1688, pp. 1–37.

[4] *Advertisement of Briscoe's Land Bank*, p. 2 [Brit. Mus. 8223.e.7].

[5] Walford, *Insurance Cyclopædia*, I. pp. 100–102.

[6] *Vide supra*, pp. 289, 290.

been exceedingly hazardous to have founded an undertaking, which would have promised to pay a fixed sum on the death of a member.

Apparently, under such circumstances, any kind of life-insurance was impossible, but, by a modification of the tontine system, a method was adopted which continued in force for a number of years[1]. Those, who were willing to join, agreed to pay a sum on entrance and a fixed amount annually during life or the life of a nominee. The funds, thus collected, were subject to a specified deduction for management, and the remainder was divided amongst those who were entitled to claim in any given year. There was no classification made as to age, although the very young and the very old were excluded. It is obvious that the effect of this system was to provide an unequal payment for equal premiums, since the same sum was divided, irrespective of the number of deaths.

It was on this basis that *the Society for the Assurance of Widows and Orphans* was founded in 1698–9, as well as the *Amicable* in 1706. A different system was adopted by an insurance undertaking, established by the Mercers' company in 1698, the idea being worked out by Dr Ashton, with a view of providing an income for widows of the clergy. The origin of this scheme is to be sought in the prevalent taste for annuities; and, since presumably the clergy, in most cases, found it difficult to accumulate sufficient capital to purchase an annuity for their widows, it was proposed that the Mercers' company should collect sums saved, guaranteeing the payment of an annuity at the rate of 30 per cent. Even allowing for the high return on capital at the time, the terms offered erred on the side of excessive generosity, and the claims soon exceeded the premiums received. In 1738 it became necessary to reduce the annuities by one-third, and by 1750 relief from Parliament had to be obtained[2]. The failure of this scheme, even when supported by a body with sufficient resources, shows clearly how little was known of the expectation of life in the first half of the eighteenth century. So far was the unsoundness of this scheme from being suspected for some years after its inception, that it rather gave rise to imitations. One of these, promoted by George Jenkins and William Causton, proposed in 1714 to form a society of 500 persons by which an annuity for the widows of members could be obtained by a single capital payment. It had at one time been intended to offer annuities of 50 per cent. of the sum deposited but, "Parliament having thought it necessary to reduce the rate of interest," 40 per cent. was finally proposed[3]. The quasi-

[1] Lorenzo Tonti is said to have proposed his scheme in 1653. *Earlier Years of the Funded Debt* [C. 9010], p. 3.

[2] Maitland, *History of London*, p. 1232.

[3] *A Proposal for Settling Jointures and granting Annuities after the rate of* 40 *l. per cent. per annum*, 1714.

tontine method of life-insurance was not subject to this drawback. It possessed the advantage that *bona fide* insurers might protect those dependent on them against destitution, in the event of the premature decease of the bread-winner. Besides, given honesty in the management, a society under the conditions indicated could not fail, since it only divided the premiums. In such a safe method of business, there was no need of a subscribed capital, for there was no danger of an undertaking of this kind having to bear a number of unfavourable years. Therefore, mutual societies were most common in this class of business, although there were several joint-stock undertakings.

It is obvious that this system could be applied in many other directions; and, once it began to be seen that the revenue from the management of an insurance-office provided a steady income, numerous extensions of the original idea were launched from 1710 to 1712. There were at least several hundreds of these offices, all founded on similar lines and differing only in the class of risk they undertook. A few were concerned in life-insurance proper, but the majority occupied themselves with the provision of a sum on the marriage of the nominees. The policy-holders paid a certain sum every week; and those of them, who were married at a certain date, had the premiums received divided amongst them and they then retired from the society. Subsequently a refinement was introduced, by which the membership was fixed at a certain number (*i.e.* 1,000, 2,000, or 4,000), and the first 100 persons, who joined (or their nominees), were to remain single for a month, the second hundred for two months and so on[1]. Probably at first the policy-holders received considerable returns. In one case a bonus of 20 to 1 is mentioned[2], and in another 2*s.* to 8*s.*, paid in premiums, secured a division of about £50[3]. As much as £300 or £400 was promised under favourable conditions[4]. It is plain that, unless there were lapsed policies through the assured or their nominees not marrying, since there could be no increase to the premiums except by compound interest, the more any member obtained, the less would remain for the others, calculated in terms of the quarterly or weekly premium. The amounts, divided at a given date, were, it is true, of equal amounts, but the benefit derived by any member would depend on two speculative elements—first if he or she became eligible early, that is before many premiums had been paid, and secondly upon the number of other claimants at that distribution. If the earlier benefits were great, through there being few eligible, more would remain to reduce the sum payable to each subsequently. It is to

[1] *E.g.* Advertisement of the "Generous Society at Templeman's Coffee House" in *The Tatler*, No. 254.

[2] The Charitable Society, in *The Tatler*, April 11, 1710.

[3] *Post-boy*, Aug. 3, 1710.

[4] *Postman*, Jan. 19, 1710.

be remembered too that the longer the time that elapsed before a member was able to claim, the more premium he or she had paid. Therefore, the only way, whereby the member of a society, in which the early distributions were high, who did not qualify for a considerable time, could receive back his or her premiums, would be through lapsed policies, or through the claimant being exceptionally fortunate in the time at which the claim matured. In the latter case, the gain of the individual would tend towards the loss of some of those still remaining in the tontine; so that, on the whole, some of those, assuring by this method, stood to lose considerably. In fact, under the guise of societies for encouraging thrift, these undertakings contained a considerable element of speculation, and it was this that made them so popular for a time.

Just as insurances for marriages had been grafted on tontine life-insurance, so the insurance of children was the complement of the marriage policies. These undertakings assumed various forms. There were first the offices, which insured a sum payable on the christening of a child, born in wedlock to a member. Then there were those that undertook to pay either a definite sum or to give a share of a certain sum to the parents of children who reached a certain age[1]. Closely connected with the last were offices for the provision of a sum of money for youths, when they had completed their apprenticeship. It is interesting to note that the Hudson's Bay company conducted this class of business[2]. Another development of the same principle was one confined to domestic servants, who contributed a small sum per week, which was divisible amongst those who remained in their places for a specified length of time[3]. Evidently even as early as the beginning of the eighteenth century there was "a servant problem," and the hand-maidens of the time required to be compensated for remaining in their situations. Besides all these, there was a scheme in 1711 which was to be established as *the Amicable Corporation for the benefit of Seamen taken or lost at Sea, and for the relief of their widows and families*[4].

Amidst so many offices for the same kind of insurance, it was almost inevitable that, through competition, more favourable terms should be

[1] *E.g.* "Society without Loss," *Daily Courant*, No. 2850, Dec. 11, 1710; Walford, *Insurance Cyclopædia*, I. p. 319.

[2] *Postman*, Aug. 19, 1710; "Algron's Society," State Papers, Domestic, Petition Entry Book, x. pp. 72–3; Walford, *Insurance Cyclopædia*, I. pp. 177–9; *vide supra*, II. p. 234.

[3] Cf. "The Just and Amicable Society" kept by the Widow Pratt [Brit. Mus. $\frac{1890.b.5}{34}$].

[4] State Papers, Domestic, Petition Entry Book, XI. p. 284.

offered intending members, than could be carried out. Very few of the undertakings proposed to give any security for the discharge of their promises, and probably none had any real assets against which a claim could be enforced. As disappointed members ceased to pay their premiums, the amounts, available for division, would become less, and every inducement tended to make the societies repudiate their engagements.

Francis gives a graphic, but possibly imaginary, picture of the results of the collapse of the insurance boom. "There is something very painful," he writes, "in the recollection that the sufferers were those who could least afford it. It was not the grasping Hebrew who invested from his full store....It was the poor and thrifty man, who, denying himself, to secure his children a provision, was involved in loss[1]." There is reason to believe that, although without doubt there was a movement in favour of thrift, the general character of the insurances, made at this period, constituted a gambling in life-contingencies. One advertisement which states that the lives of persons may be assured, without their knowledge, has rather a sinister sound[2]. The same tendency appears in the particulars of life-assurances, effected by *the Traders' Exchange House Office for Lives*, which was founded by Povey about 1706. There are details of thirty-four policies; and, in every case, the benefit was taken out on the determination of the life of a *nominee*[3]. Obviously, when almost any life-risk would be accepted, it was to the advantage of the person, paying the premium, to select the worst life.

It might be thought that the insurance of a sum, payable on marriage, was of a distinctly provident nature, but there is reason to doubt that this was always so, even in the case of one of the leading offices, founded by a William Smith and known as *the Political Society for Insurance on Marriage kept at an office in Bolt Court, Fleet St.* Smith claimed in November 1710 that he had been the first to erect an office for the "insurance of marriage" of young persons: 2,100 members had joined, who had subscribed "on their own or others' marriages for their own benefit." He had given security for £1,000, and trustees were chosen[4]. Although a company disputed Smith's claim to priority, he duly obtained a patent, and his enterprize appeared to be genuine[5]. The sequel may be gathered from the petition of Elizabeth Hudson,

[1] *Annals, Anecdotes and Legends of Life Assurance*, p. 66.

[2] "The Office of Insurance on Lives at the Rainbow Coffee House in Cornhill," *Daily Courant*, No. 2582, Feb. 1, 1710.

[3] Povey, *General Remark*, No. 215, reprinted in *An Account of Fire Insurance Companies*, by Francis Boyer Relton, London, 1893, pp. 511–13.

[4] State Papers, Domestic, Petition Entry Book, XI. p. 168.

[5] *Ibid.*, Petition Entry Book, XI. p. 169.

widow, and several other subscribers to the society, dated October 1st, 1712. The petitioners had all paid their premiums on nominees, and the wording of the document suggests that marriages had to be arranged, so as to secure the benefit of the policy, and that the policy-holders made payments for this purpose. The marriages took place according to the terms of the policies; and those, who had paid the premiums, claimed their share in the distribution to which they were entitled. The office failed to carry out its engagement, and Mrs Hudson was in great distress, because she had given promissory notes to persons, "she had prevailed with to marry," which she was not able to pay. Eventually Smith was compelled to discharge a part of his obligations by making weekly payments on account[1].

These and other scandals directed public attention to the evils of the minor insurance offices; and, by a clause in an act passed in 1712, it was declared illegal, under a penalty of £500, to erect undertakings for insurances on marriages, births and christenings[2]. During the excitement of the year 1720 there were numerous life-insurance schemes. These appeared to have been founded on the tontine system, but none of them came to maturity.

There remains one species of insurance as yet undealt with, namely the provision against loss in the case of fire. It seems that, for several centuries after the dissolution of the gilds, there was no organization to carry on this class of business. Proposals for establishing fire-insurance were made in 1635 and 1638; but, though as early as 1591 the system was in operation at Hamburg, it was not until after the Great Fire of London that offices began to come into existence in England[3]. The earliest undertaking that can be traced is that established in 1667 by Dr Nicholas Barbon, a prominent building speculator and the author of *a Discourse of Trade* (1690)[4]. This office was at first known as "Barbon's," and it continued in Barbon's hands till 1680, when it was transferred to a company, and it was then described as *the Insurance Office at the back-side of the Royal Exchange*. Two years later, on changing its offices, it was known as *the Office at the Rainbow Coffee House near Fleet St.*[5] Owing to the frequent changes of title of these early undertakings, it will be easier to follow their history by giving a brief account of the order in which they started business,

[1] State Papers, Domestic, Petition Entry Book, XI. p. 525.

[2] *Statutes*, IX. p. 383 (9 Anne c. 6, § 57).

[3] Relton, *Fire Insurance, ut supra*, pp. 7, 11; Walford, *Insurance Cyclopædia*, III. p. 441.

[4] Barbon appears to have been a son of Praise God Barebones and he may have been one of those christened If-Christ-had-not-died-thou-hadst-been-damned Barebones or Christ-came-into-the-world-to-save Barebones.

[5] Walford, *Insurance Cyclopædia*, III. pp. 444–6.

postponing for the present the detailed statement of the careers of those of most importance.

It may be noted that the development of fire-insurance differed from that of life and marine insurance, in so far as the former was conducted mainly, but not altogether, by companies, while life contingencies were undertaken on the mutual basis and marine risks by individuals. Thus the Fire Office of 1680 was the first insurance company, although this class of business was the latest of the three main kinds of assurance to be started. The need for a security to be given by a fire office probably accounts for the association of a number of capitalists in the venture. If life contingencies, provided against on the tontine system, were honestly conducted there was not the same necessity, and therefore it is intelligible that these should at least profess to be mutual. In marine insurance, security was required, even more than in the case of the fire offices, but it would appear that the business had grown up so gradually that it remained the undisputed possession of individuals, until numerous failures suggested the advisability of trying the joint-stock system which had by that time been proved in the department of fire-risks.

The company owning Barbon's office was far from obtaining a monopoly for, about 1682, the London corporation began to undertake the same class of business, and soon afterwards two partners established a mutual office known at first as *the Friendly Society*. There were thus undertakings, started by a joint-stock company, by the municipality and by a mutual society. Competition was very keen, and a number of leaflets and pamphlets were published on behalf of each office[1]. In 1696 the Hand in Hand society was founded under the title of *the Amicable Contributors for Insuring from loss by Fire.* About 1703 the Charitable Corporation began to make fire-insurances.

The general character of the business, established by these undertakings, was the insurance, up to a certain maximum amount, of buildings. The only classification of risks attempted was in the differentiation between brick and wooden houses, the premium on the latter being double that on the former. Inducements were offered to persons insuring to join for a period of years. These characteristics were common to all the offices; and, in the further working out of the system, there was a difference between the joint-stock and mutual societies. The former, through the security deposited in the names of trustees, were in a position to pay claims, even although the sums, received from premiums, had already been exhausted. A mutual society, on the other hand, was constituted on the basis of exacting less for premiums, and making up any deficit, when required, by a levy upon its members. Thus in 1694 the Friendly

[1] The important parts are reprinted by Mr Relton in *Fire Insurance*, pp. 29–41. This work embodies the fruits of much research on points of difficulty, and copious extracts from rare publications are given.

society called in 5*s.* 0½*d.* on each £100 insured by its members on the occasion of fires at Eastcheap and in the Strand, and also 2*s.* 2¾½*d.* per cent. on account of losses at the Lombard St. fire[1].

Up to 1706 fire-insurance had been confined to provision for losses on buildings, and in that year Charles Povey first founded offices to insure against losses of goods and merchandize[2]. One of these was for London and the other for the country. Both were eventually transferred to *the Company of London Insurers,* which became known as *the Sun Fire Office.*

In 1714 another society, known as *the Union or Double Hand in Hand Fire Office,* was founded on the same lines as the Sun. It was intended to supplement the Hand in Hand and to work in conjunction with it. A few years later provincial undertakings began to come into existence. An office at Bristol, carried on by a company, was established in 1718. About 1720 a mutual society was founded at Edinburgh and described as *the Friendly Insurance Office*[3]. Soon afterwards another Edinburgh company was formed on a joint-stock basis, which was called *the Edinburgh Society for Insuring Houses against loss by Fire.* Like so many other ventures of the same period of excitement, this undertaking endeavoured to enter upon other kinds of business, and the management attempted to absorb the Bank of Scotland. This design was frustrated, and the company was dissolved under the Bubble Act[4].

Elsewhere in the provinces, there were numerous insurance schemes in 1720. For instance, at Dublin, a company was proposed. Archbishop King wrote, on September 30th, 1720, of it, that "we only want the settling of some such to complete our misery. I believe the city of Dublin since I knew it, which is fifty-four years, has not suffered by fire the loss of £3,000; but, if the fire-insurance go on, I should dread every night that St Sepulchre's[5] would be burnt upon me before morning[6]."

The same period of excitement was marked in London by many insurance proposals. Some were intended to rival the existing fire, life, and marine undertakings, while others branched out in new directions. Amidst schemes that were chimerical, there were some that anticipated developments realized later, such as burglary insurance, the insurance of debts and of live-stock[7]. These ideas, like others of a visionary character, such as the insurance against death from rum-drinking, or that of female chastity, suffered from the inflated capital proposed, the stock mentioned being a minimum of a million, while two millions was common.

[1] *London Gazette,* No. 2966, April 12, 1694.

[2] In *The Merchant's Dayly Companion* (1684) mention is made of insurances of goods "sent by wagon or cart, &c. by land from all robbers or thieves," p. 355.

[3] *The History of Edinburgh,* by Hugo Arnot, Edinburgh, 1779, pp. 53, 54.

[4] *Vide supra,* pp. 271, 272.

[5] His residence.

[6] MS. letters of Archbishop King (Library, Trinity College, Dublin, N. 3. 6), f. 127; cf. *infra,* Division XIII., No. 185.

[7] Cf. *infra,* Division XIII., Nos. 33, 42, 92, 105, 157.

SECTION II. UNDERTAKINGS FOR INSURANCE AGAINST FIRE.

A. The Insurance-office at the Back-side of the Royal Exchange, or the Fire Office, or the Phoenix Fire Office, or Samuel Vincent, Nicholas Barbon and their partners for insuring houses against Fire, or Barbon's Office (1667–1703).

The fire office, founded by Nicholas Barbon about 1667, was conducted by him until 1680, when, through various losses he had sustained, it became necessary to mortgage the ground-rents, vested in trustees, for the security of holders of policies[1]. The company was formed with a view to paying off these incumbrances, so that it may be conjectured that the sum, paid to Barbon for the goodwill of the business, consisted of the discharging of the loans borrowed on the ground-rents. When this arrangement had been completed, the rents, vested in trustees for security, amounted to £2,106 a year[2]. It would appear that the whole undertaking was divided into twelve shares, of which Barbon held one; at all events there were twelve persons who were the proprietors of the office and who were known as the "Insurers[3]."

The company soon had to face the competition of the Corporation and the Friendly society[4]. Although the City soon retired from the business, the duel between the two companies continued from the foundation of the Friendly (1683–4) until 1687. In the previous year the company, owning Barbon's office, which was then described as *the Fire Office* or with more detail as *Samuel Vincent, Nicholas Barbon...and their partners for the insuring of houses from Fire*, endeavoured to obtain a patent, which would give them the exclusive use of the "invention" of fire-insurance. On April 8th, 1687, their petition was presented, and on April 29th the proprietors of the Friendly society were heard before the

[1] Relton, *Fire Insurance, ut supra,* p. 27, note 2.

[2] *Ibid.,* p. 29.

[3] *Angliæ Notitia,* by E. Chamberlayne, London, 1692, II. p. 297.

[4] *Vide supra,* p. 373.

Privy Council. After both sides had appeared several times, proposals of accommodation were handed in on December 2nd, and the case was argued on the 16th. It was decided that the method of insurance adopted by the Friendly society "was of more benefit and satisfaction to the public" than that of the Fire Office; and James II. ordered a patent to be granted to the former, recommending the proprietors "to preserve Vincent and his partners from ruin." Six weeks afterwards the Fire Office had induced the King to reconsider his decision, and on January 30th, 1688, the following order was made. The joint-stock undertaking was to receive a patent, prohibiting the Friendly society and all others from insuring houses for one year after the date of the patent, that would be until the beginning of 1689. After the expiration of a year, each undertaking might insure for three months in rotation—that is the Friendly society might underwrite policies for the first three months, but not the Fire Office. For the second three months the Fire Office was allowed to accept business, but the Friendly society was to remain idle, as far as issuing new policies was concerned[1]. It does not appear that the proposed patents were issued, and probably political events precluded this, as well as the enforcing of the alternate three months of quiescence.

After the Revolution there are frequent notices of the activity of the company. These chiefly relate to the rates of premium charged[2], and the number of those insured. About 1692 there had been insured in the previous six years 5,650 houses, as compared with 3,400 in two years and a half by the Friendly society[3]. From the end of 1694 to 1696 there were occasional transactions in the shares, and Houghton quotes them at 50 during that period[4]. When he compressed his list on the collapse of the boom in industrial companies, he omitted this undertaking, which had appeared under the heading of "Water and Insurance," or "Banking and Insurance" as "Barbon."

Although advertisements were issued in 1700, the company had become disheartened since 1697. In a petition, dated November 27th, it was stated that, in spite of the order of 1688, several new offices had been started in addition to the two earlier ones. The company had been advised by counsel that it could not sustain its quasi-monopoly under the grant of 1688, "which was wholly void and was so at the making thereof." Accordingly, the management asked that the company should be relieved of its obligation to pay £60 a year to the Crown, and that it

[1] State Papers, Domestic, H. O. Warrant Book, IV. p. 383. The records of the various proceedings are printed by Mr Relton in *Fire Insurance*, pp. 40–3.

[2] Most references of this nature are reprinted by Relton in *Fire Insurance*, pp. 44, 45.

[3] *Angliæ Notitia, ut supra*, II. p. 298.

[4] *Collections*; cf. Plate, vol. I.

might retire from business[1]. On May 15th, 1703, the Solicitor-General recommended that the surrender of the patent should be accepted, and that the annual payments since 1697 should be remitted, at the same time suggesting that the company might divide that amount amongst the governors[2].

It would naturally be expected that after these proceedings the company should have been wound up either in 1703 or 1704, but in 1705 the Phoenix Fire Office issued proposals from its office at the Royal Exchange, stating that "this office hath insured houses for twenty-four years past," and it is difficult to determine whether the Phoenix is only a new name for the Fire Office, but owned by the same company, or whether a new undertaking had been formed about 1705, which carried on its business at the same address and took over the liabilities of its predecessor. Mr Relton regards the Phoenix as a new name for the old Fire Office, but there is reason to believe that there was a greater change than this[3]. The old company may have been sold to another one, formed to acquire the business, and this interpretation of the situation is supported by the language of the petition of 1702. At the same time, it is to be remembered that in a document of this nature, designed to obtain relief from a liability, the intention of giving up the undertaking might be overstated, and the personal views of the members, expressing a want of hope in the future, is to be differentiated from the actual winding up of the concern. On the whole, it appears probable that there was a reorganization between 1703 and 1705, and that this was carried out by the majority of the shareholders in 1702 selling their holdings to others. This view is confirmed by a comparison of proposals issued from "the office against the Royal Exchange" in 1700 and in 1705. In the earlier year there were sixteen insurers and in 1705 only thirteen, and the later list contains some new names[4].

Not only was a new emblem adopted, but for some years after 1705 a branch for carrying on one side of the undertaking, as a mutual society, was started. A policy is in existence, issued by this company in 1712, and after that date further information is wanting. From an advertisement by the Friendly society in 1717, it might be inferred that the Phoenix company had retired from business[5]; but, on the other hand, since Strype in his edition of *Stowe's Chronicle* (1720) gives a long account of the Phoenix Fire Office, it would appear that at that period it was still in existence. But, from the fact that there is no mention of

[1] State Papers, Domestic, Petition Entry Book, VI. pp. 43, 44.

[2] *Ibid.*, Petition Entry Book, VI. p. 93. Probably the reference to "the patent" in the text refers to the license or order of 1688.

[3] *Fire Insurance*, p. 47; cf. Walford, *Insurance Cyclopædia*, III. p. 464.

[4] Relton, *Fire Insurance*, pp. 45, 47.

[5] *Ibid.*, p. 50.

quotations of the shares of this undertaking during the excitement of 1720, it may be concluded that the company was not then in being. Had it survived its securities would almost certainly have participated in the general inflation, and the management would have entered an appearance at the Parliamentary enquiry into the various insurance schemes of the period.

B. Mutual Societies from 1683 to 1714.

The Friendly Society (1683).
The Hand in Hand Society or the Insurance from Loss by Fire by the Amicable Contributors at Tom's Coffee House in St Martin's Lane (1696).
The Insurance Department of the Charitable Corporation for Relief of the Industrious Poor by assisting them with small sums upon Pledges at Legal Interest (about 1708–9).
The Union or Double Hand in Hand Fire Office (1714).

Although an account of mutual fire-insurance companies would be outside the limits of this work, it is necessary to give a brief notice of those in existence from 1683 to 1720 so as to enable the competition, to which the joint-stock companies were subjected, to be estimated. As already mentioned the Friendly society was founded in 1683 under the title of *the Friendly Society for securing Houses from any considerable loss by Fire by way of Subscription and Mutuall Contribution.* The controversy between this body and the Fire Office has already been mentioned, as well as the extraordinary judgment of James II.[1] Perhaps from the point of view of finance, the most interesting matter, connected with this undertaking, is the precise sense in which the mutual principle was understood. Certainly, at its inception, the Friendly society was not mutual in the signification in which this term would now be understood; for, during the early years of the organization, two persons—William Hale and Henry Spelman—were described as its undertakers. It may be gathered from the first proposals of the society that the undertakers were to receive 1*s.* 4*d.* per annum on each £100 insured "as consideration for their hazard, charge and care in executing their office[2]." So that this type of insurance was burdened with a species of royalty to the inventors for their "invention" as a prior charge; whereas, in the joint-stock undertaking, the same class of payment was deferred, and became contingent on there being a surplus after the satisfaction of

[1] *Vide supra*, p. 376.

[2] Relton, *Fire Insurance*, p. 58.

claims. The annual payment of 20*d.* per cent. to Hale and Spelman also included some recompense for the provision of security by them. In this respect the Friendly society contended that it was superior to the Hand in Hand (1696). Business was continuously carried on by the older body until 1781; and, some time between that date and 1790, the undertaking came to an end[1].

The Hand in Hand Society was founded by 100 persons under a deed of settlement, enrolled in Chancery on November 12th, 1696, and it was first designated as *the Contributors for Insuring Houses, Chambers or Rooms from Loss by Fire by Amicable Contribution, within the Cities of London and Westminster and the Liberties thereof and the places thereunto adjoining.* Soon afterwards the title was condensed into *the Amicable Contributorship at Tom's Coffee House in St Martin's Lane, near Charing Cross*, and about 1713–14 the name of the *Hand in Hand* was adopted, which was used by the society till 1905 when it was absorbed by the Commercial Union Assurance company Limited.

The popularity of the joint-stock form of organization after the Revolution is shown by the reproduction of its methods by this mutual society. Twenty directors were appointed, with minute stipulations as to their powers, and resolutions are recorded, relative to the holding of general meetings[2]. It was also provided that a yearly dividend should be paid from the interest on stock to the members[3]; and, a few years after the foundation, it was stated that the distributions from this source were in excess of the losses, levied on the contributors[4].

When Povey's scheme for the insurance of goods[5] had proved a success, a separate mutual society, but under the same auspices as the Hand in Hand, was founded in 1714–15, as *the Voluntary Office, Society or Mutual Contributorship by the name or style of the Union Society for the Insurance of Goods and Merchandizes from Loss by Fire, within the Cities of London and Westminster and Bills of Mortality.* Later the title was stated as *the Union or Double Hand in Hand Fire Office*, and the management was in the hands of twenty-four directors. This undertaking continued to be a mutual society until 1805, when a share-capital of £300,000 in 1,500 shares of £200 each was created, and £20 or 10 per cent. per share called up. In 1889 each share of £200 was divided into two of £100 with £10 paid up, and at the same time £150,000 (equal to half the *nominal* capital and five times the *paid up* capital) was distributed as a bonus to the shareholders from the reserve fund in the form of new shares. The whole amount of nominal capital was made £450,000, which was

[1] Relton, *Fire Insurance*, p. 68.

[2] *Vide* summary of the deed in Relton, *Fire Insurance*, p. 73.

[3] *Ibid.*, p. 72.

[4] *Ibid.*, p. 74.

[5] *Vide infra*, p. 381.

divided into £10 shares with £4 paid. The present title of the company is *the Union Assurance Society.*

In the summary of the history of life-insurance, mention has been made of the office, conducted by the Mercers' company; and, in fire-insurance, it has also been shown how the corporation of London endeavoured to carry on this class of business. Another body which also entered the field was that known as the Charitable Corporation, which effected fire-insurances about 1708–9. The object of this organization was to raise a joint-stock amongst charitable persons, in order to make loans to the industrious poor at legal interest. The idea was first mooted about 1699 and in 1704, the promoter, William Higgs, petitioned for a charter, stating that needy persons "were oppressed by extravagant interest[1]," and on December 22nd, 1708, the members were incorporated under the title of *the Charitable Corporation for the relief of Industrious Poor by assisting them with small sums upon Pledges at legal Interest.* The corporation was empowered to raise a capital of not less than £20,000, nor more than £30,000, although subsequently no less than £600,000 was collected. The management consisted of a committee of seven members[2]. Soon after the charter had been obtained, fire-insurances were undertaken[3], but the life-policies of a Charitable Society at London Stone were issued by a different body[4].

The subsequent career of this corporation is of some interest. Gradually the clients of the institution became, not the *industrious*, but the genteel poor. Persons, whose estates were mortgaged, applied to the Charitable Corporation, which was soon engaged in a general financial business. More capital was required and by 1719 £600,000 had been subscribed, in addition to which deposits were received. The business transacted became highly speculative, and the cashier absconded with all the realized resources of the company. It was discovered that loans had been made upon fictitious security to favoured persons, and that there had been many frauds in the management. The failure occasioned widespread distress, and it was only after the estates of the offenders had been realized that a dividend of 10*s.* in the £ could be paid[5].

[1] State Papers, Domestic, Petition Entry Book, VII. pp. 43, 44.

[2] Maitland, *History of London* (1754), p. 1265.

[3] Relton, *Fire Insurance*, p. 85.

[4] *Post-boy*, Aug. 3, 1710.

[5] *Chronicles and Characters of the Stock Exchange*, by John Francis, pp. 51–3.

C. THE EXCHANGE-HOUSE FIRE OFFICE FOR TOWN. THE EXCHANGE-HOUSE FIRE OFFICE FOR THE COUNTRY. THE COMPANY OF LONDON INSURERS OR THE SUN FIRE OFFICE (FOUNDED 1706–8).

Charles Povey, one of the versatile projectors of the period, had the ability to see that about 1706 the time had arrived both for extending the principle of insurance to the country and also for the underwriting of risks on merchandize. The latter class of business had hitherto been considered impracticable, but Povey believed that he was able to organize it in a manner that would be satisfactory to the holders of policies and profitable to himself. He therefore founded two offices, the first described as *the Exchange-House Fire Office for Town* to insure moveables, and the second *the Exchange-House Fire Office for the Country*. After investigating the available evidence, Mr Relton comes to the conclusion that the London office was planned out in 1706, and that it began business between January and March 1708, the emblem of the sun being adopted in the December of the same year[1]. Povey carried on the business as his own private venture until October 1709. He was not long in finding that the preliminary expense of establishing the Country undertaking would be beyond his resources; and so, some time after the foundation of the London concern, he determined to work the other office by means of a co-partnership. At first 100 persons were disposed to become shareholders, and in November 1709 receipts were actually issued to two persons for instalments received by Povey on their shares[2]. Thus in the autumn of 1709 the position was that the London undertaking or "the Sun" had been issuing policies for at least a year[3], and the Country office may have just started business, or more probably was on the eve of doing so. During the period "the Sun" had been in existence it had had a somewhat chequered career. The first year no claim had been made, but soon afterwards Povey became apprehensive that the premiums might not satisfy the liabilities which he expected to arise. According to his own statement he had spent, in addition to the money received as premiums, £1,000 out of his own resources on establishing the office, in paying clerks and in circulating a paper called *the General Remark* which was intended to advertize the undertaking.

1 *Fire Insurance*, pp. 262–6. Mr Relton has examined the minute books and papers of the company, as well as the leaflets relating to it, and Povey's writings. Copious extracts from these are given by him.

2 *Ibid.*, p. 267.

3 *The Early Days of the Sun Fire Office*, by Edward Baumer, London (Sir J. Causton, 1910), p. 5.

It was now the eve of the insurance-boom of 1710, and Povey was astute enough to take advantage of the signs of the times. While not despairing of the ultimate success of "the Sun," his own position, as proprietor, was precarious, and the Country scheme was not making the progress he had expected. Although a general meeting of the Exchange-House Fire Office for the Country had been held on May 19th, 1709, this appears to have been the first step in the constitution of a company. By a general resolution on May 26th it was proposed to unite the stocks of the Town and Country undertakings. There were protracted negotiations, as to the terms upon which the London business should be transferred from Povey to the company. To secure the credit of the existing office would involve considerable liabilities, and capital had to be provided for the Country scheme. Most of those, who had intended to join the provincial undertaking, withdrew, and even thirteen "Acting Members" resigned in August 1709. It remained for twenty-four persons to make themselves responsible for both offices, and they agreed in October to pay Povey £40 each, or £960 in all, for the goodwill of the London business, as well as an annuity of £400 a year during the lives of Povey and his wife. In the month of November something happened, which led the company to endeavour to obtain better terms from Povey. Probably in the interval a serious fire had occurred, involving heavy losses. The company was apprehensive of additional claims, and Povey was determined to escape further liability "lest another conflagration too heavy to bear might happen." In March 1710 a deed, embodying a new agreement was executed, under which the payment was reduced to £20 by each of the twenty-four members of the company, and the annuity to Povey was to be 10 per cent. of the profits but never to exceed £200, whatever the profits were. It was also agreed that the receipts of Povey for any payments, made to him by the members on account of shares in the Country scheme, should be accepted as if they had been acknowledgments of instalments of the £20. On the signature of this document, Povey handed over the balance of premiums remaining in his hands, which amounted to £15 only.

It would seem that the company had dealt hardly with the founder of the concern, in repudiating the first contract and cutting down the payment in cash, as well as the annuity, by one-half. Had there been nothing concealed on Povey's side or nothing to change the valuation of the property he transferred, he could have held the purchasers to the original bargain. Povey's own language suggests that, after the signature of the contract of October 1709, there may have been serious claims on account of losses, and it may have been that he had not fully informed the purchasers of the liability. It is possible that the members of the company had to pay these losses, since Povey was not in a position to

do it. Therefore on this hypothesis it would follow that, although Povey only received £20 from each of the twenty-four shareholders, this amount, together with the call on account of the fires about November 1709, made the business cost them as much or more, than if they had purchased under the first agreement without paying such losses. It may appear that this statement of the position depends upon too many hypothetical elements, but it is confirmed in a remarkable manner by a passage in Povey's will, which is prefaced by a solemn appeal "to the great God, who knoweth the secrets of all hearts," and may therefore perhaps be accepted with more credence than most of his statements relating to "the Sun." He there states that "when the undertaking of the Sun Fire Office was by me assigned over to them [*i.e.* company], the original charge never laid them in One Thousand Pounds[1]." Since this passage is introduced to show the contrast between "the great estate" of the company and the small sum paid the founder, there would be no reason for overstating the original outlay of the twenty-four. If then, their whole payment had been £20 each at this date "the original charge" would have been £480, and Povey would almost certainly have said that "it was under £500" instead of under £1,000. Elsewhere he is very minute in showing how by receiving only this £480 he sustained a loss of £520 of the £1,000 he had expended in starting the business, so that it seems reasonable to conclude that, in addition to £20 paid Povey by each of the members, they also had to make good claims on policies underwritten by Povey. Should a payment of £20 by each member have been necessary, this would account for the reduction of the sums, promised to Povey, by that amount. If this was so, the capital in 1709–10 was about £960, of which £480 was certainly paid to the founder. Additional confirmation is obtainable from a close consideration of the documentary evidence. In the deed of partnership the call of £20 is expressly stated to have been "for the better maintaining and carrying on and establishing the office upon a lasting and sure foundation." This payment was agreed to after the signature of the document. But, in it, mention is made of "several sums of money paid to Charles Povey," which were plainly additional to the call. It follows, then, that besides the £480 called up, there were further outlays by the shareholders[2].

As soon as possible after the signature of the final agreement with Povey, a deed of co-partnership was executed. This instrument which is dated April 7th, 1710, describes the members as *the Company of London Insurers for the better maintaining and carrying on of the Sun Fire Office.* It was agreed that the company should never consist of

[1] Relton, *Fire Insurance*, p. 538.

[2] Baumer, *The Early Days of the Sun Fire Office*, pp. 12, 13, 16.

more than twenty-four distinct persons, of whom seven should form a committee. Losses were to be borne equally by the members, share and share alike, and the committee had power to make calls, as required. Members must be insurers. In the case of any share becoming vested in a female, or an infant, a person might be deputed to act as a proxy.

After the transfer of the two offices to the company, business was prosecuted briskly. As early as the first year, under the new management, agents were appointed in the country, and vigorous efforts were made to draw attention to advantages offered by the insurance of goods. From 1710 to 1715 the method adopted was similar to that of the life-companies, several of which had been in existence for some time. Out of the quarterly payments, received as premiums, a sum was to be lodged in the Bank, sufficient "according to an accurate computation" to make good each claim. When the quarter was ended the balance, after paying losses, remained for reserve and profit. If however the sum, set aside out of the premiums, did not suffice to make good the whole claims, then the claimants were to participate rateably in proportion to the amounts for which they were each insured. In 1715 or 1716 this limitation of the liability of the office was withdrawn.

"The company preserved no records of monetary transactions until many years after its establishment," although the minutes are extant[1]. But, while there is no precise information as to the progress of the company for some years after its foundation, there are several indications that tend to throw some light on the general condition of its finances. In December 1713 the first dividend was declared, and in the same year shares were sold at £60 and 60 guineas. If, as conjectured above, the original payments made by the members were £40 each; and, if as is not improbable, some further calls had been made between 1710 and 1713 this price would mean that the shares were about par or even commanded a small premium. If, on the other hand, no more had been called up than the £20 per share, paid to Povey, the price of £60 would represent a premium of 200 per cent. The business appears to have been successful up to 1715, when a succession of "dreadful" fires involved claims in excess of the premiums and the shareholders had to pay "several hundreds pounds" each to make good the deficiency. At the same time "they resolved to raise a sufficient fund to answer all claims for loss, and they made arrangements for the payment of further sums by themselves or by others on their behalf for supporting the office and securing the insured[2]." The increased sums paid on the shares are reflected in a quotation of 175 guineas in 1714, as compared with

[1] Relton, *Fire Insurance*, pp. 282–3; copious extracts and facsimiles are given by Baumer in *The Early Days of the Sun Fire Office*.

[2] Relton, *Fire Insurance*, p. 280.

one of £500 in 1715, both being for a single share. After the important calls of 1715, it is recorded that the business was much improved, and that the office had gained reputation, not only in London, but also in diverse places both "in South and North Britain." Probably for over ten years no further serious calls were made; and, supposing the price of shares in 1715 was about par, this would give a called up capital at that date of £12,000. Thus after 1715 the company was well established; and a steady, if moderate, profit was made. Dividends were resumed—one paid in 1718 was 10 guineas—and the general condition of the undertaking was prosperous. Early in 1720 Povey was offered £400 for his half-share[1], which it appears he accepted, and later in the year an offer of 1,000 guineas for a whole share was refused. These prices of course are to be accepted as subject to the general tendency towards inflation of the period.

Some further information on the finances of the company may be gained from various utterances of Povey. It has been shown that he had sold the London undertaking for £480 in cash and an annuity of 10 per cent. of the profits, with the proviso that this payment was not to exceed £200 in any one year. At first the profits did not suffice to afford him £200 a year, and he claimed that his annuity was cumulative, that is, that when the business improved, the arrears of previous years should be made good. In his frequent statements of his claim, he gives some information as to what the profits were. In his *English Memorial* he stated that, calculating on this basis, the company owed him £1,300[2]. This deficiency of the annuity below £200 a year may be taken to have occurred up to 1720, since after that date the profits were considerable. Besides, Povey records that during the first ten or twelve years the undertaking "did little more than answer its own charge." Bearing in mind that he sold his half-share in 1720 (although subsequently he was a shareholder for a brief period) his comparatively exact knowledge of the financial position would thus end with the accounts of 1719, and it would be twelve years from the beginning of business to the commencement of 1720 or ten years from the foundation of the company. Therefore, supposing Povey to have had in mind the results

[1] Mr Relton seems to find some difficulty in interpreting the position of Povey relative to this holding. In one place he says Povey was half-sharer, and therefore his lien on the profits, after payment of his annuity, would have been a half: but there is no mention of any such proposal. It is to be remembered that in almost all early companies, where the shares were of large amount and of a fixed number, these became divided into fractional parts, *e.g.* the New River, the Mines Royal, the Mineral and Battery Works, the Virginia company. It is not unlikely that the committee, in endeavouring to satisfy Povey, assigned him a half-share which he appears to have sold in 1720.

[2] Relton, *Fire Insurance*, p. 234.

during the period up to the end of 1719, and also that he elsewhere alludes to the very prosperous condition of the concern in 1720 and afterwards, the period in which the agreed upon 10 per cent. of the profits was below £200 a year may be taken to end in 1719. The total amount of the deficiency was £1,300, therefore the amount paid, during these ten years, was £700. Therefore again, the minimum amount of profit[1] (subject to Povey's 10 per cent.) in this time was £7,000 or an average of £700 a year. Needless to say the amount in the first years would have been less. It is almost certain that in 1715 no profit was made, but subsequently the business improved, and in the last year the balance may have been about £2,000. This estimate is confirmed by the fact that in *the English Inquisition* (1718) Povey says that the profit of the company was then £600 or £800 a year[2]. This would probably apply to the accounts of the previous year. Now, supposing that the capital at this time was £12,000, at which sum the value of the undertaking might be estimated according to the recorded price of a share in 1715, and that one takes the average of the two sums given by Povey, *i.e.* £700, after allowing for his 10 per cent., there would remain a sum only sufficient to provide a yield of $5\frac{1}{4}$ per cent. without any contribution to reserve. If the dividend of 10 guineas for that year was the only one, the yield would have been as low as $2\frac{1}{2}$ per cent. on the price of 1715.

The fateful year 1720 left its mark often for evil, sometimes for good, on all the companies which survived that period of excitement. The Sun was no exception. It was deeply concerned by the many rival promotions of the period, and on February 24th a committee of five was appointed to take care of its interests[3]. Subsequently there was an obscure transaction with the Royal Lustring company[4]. Povey in *the Secret History of the Sun Fire Office* records that the committee joined with the Lustring company, "which raised their shares to a very high advance, and all in the secret sold at a great price[5]. Soon afterwards the office gave out that they had broken with the Lustring company, and then Lustring shares fell to nothing." Mr Relton is of opinion

[1] Provided that there was no year later than 1719 in which there was a deficiency. This is a *minimum* estimate, since it is possible that there may have been a year in which the profit was over £2,000.

[2] Relton, *Fire Insurance,* p. 494.

[3] Extract from the Minutes, quoted Relton, *Fire Insurance,* p. 283.

[4] For an account of this undertaking *vide supra,* pp. 73–88.

[5] For the prices of Lustring shares up to 1708 *vide supra,* p. 89; Anderson records that in 1720 the new shares, £5. 2*s.* 6*d.* paid, rose to 120 (*Annals of Commerce* (1790), III. p. 339); *The Bubbler's Mirror* gives the highest price as 105, and differs from Anderson in saying that the new shares were £5 nominal with 2*s.* 6*d.* paid.

that, since there is no record of such a transaction during the Parliamentary enquiry of 1720, and that the case where a proposed insurance company had "been up and down about buying the charter[1]" was investigated, it may not have been impossible that the Sun speculated in the shares of the Lustring company and that Povey's assertion must be discredited[2]. It must however be remembered that the enquiry took place in February 1720, and that the celebrated writ of *scire facias* was not issued till August. Thus there were six months in which such negotiations might have taken place. Besides, there were very brisk dealings in derelict charters. There was an impression that companies, acting without a charter, were in danger of being suspended. It was difficult to obtain one, and therefore in some cases a company bought up the needed document from the creditors of another undertaking, which had come to grief. Thus businesses were carried on under a title widely different from the transactions in which they were engaged. The Society of Mines Royal in 1720 was a marine insurance undertaking[3], the Sword Blade company[4] was a bank and so on. Now the legal position of the Sun insurance company was unsatisfactory. It was acting in a corporate character, without any authorization from the State, and therefore it appears highly probable that the committee may have taken steps to purchase the Lustring charter. The fall in the shares of the latter is to be attributed to the writ of *scire facias*.

During the same period there appears to have been some movement towards a "community of interest" between the Sun and the Royal Exchange companies, based on a purchase of a considerable proportion of the shares of the former in the interests of the latter. Probably the financial troubles of the Royal Exchange company precluded the consummation of the scheme, and the transfer of a part of the shares was not completed until 1725[5].

In 1720, as has already been mentioned, an offer of 1,000 guineas for a share had been refused, and later in the same year the transaction on behalf of the Royal Exchange was at £1,500 each. Soon afterwards the company divided every share into 100 parts, and so the capital now consisted of 2,400 shares instead of 24. These shares were sold on the market during the boom at £20 each (this would have represented a quotation of £2,000 for the old shares), but in 1723 the price was £10, thus repeating that current before the inflation[6].

[1] *Journals of the House of Commons*, XIX. p. 348.

[2] Relton, *Fire Insurance*, p. 285.

[3] *Vide supra*, II. p. 405, *infra*, Section 4.

[4] *Vide infra*, Division XII., Section 3 c.

[5] Relton, *Fire Insurance*, p. 288.

[6] *I.e.*, 24 shares at 1,000 = £24,000; 2,400 shares at 10 = £24,000.

At this time the company appears to have taken the par as being £10 for the shares in their new form. This is shown by the transactions of 1720 and 1726–8. In the former year the old company sold to the new one all the shares, not set aside under the arrangement with the Royal Exchange at £1,000 per old share, and some of these were sold by the company as new shares at £20. In 1726 a call of £5 was made. Then in 1728, 2,400 additional shares were issued upon which £15 was called up. So that, if the new shares of 1720 were taken as being £10 paid, this would make both classes of shares £15 paid. Subsequently, there have been very large returns of capital made to the shareholders, so that the subscribed capital has been repaid and that at present existing is derived from accumulated profits, which had been carried to the reserve fund. Up to January 1892 the capital consisted of the 4,800 shares, into which it had been divided in 1728, and it was arranged that each shareholder should receive fifty new shares of £10 each credited with 10*s.* paid, in exchange for every share of the issue of 1728.

SECTION III. UNDERTAKINGS FOR INSURANCE RELATIVE TO LIFE-CONTINGENCIES.

A. THE SOCIETY OF ASSURANCE FOR WIDOWS AND ORPHANS (1699).

It has already been shown that, although the insurance of life-contingencies was earlier than that against fire, the latter was carried on by companies at an earlier period than the former[1]. This may be accounted for in part by the attention directed towards the need for fire-insurance by the Great Fire of London, and in part by the varying nature of the life-contingencies for which provision required to be made. The issue of state-loans early in the reign of William III. in the form of annuities for lives, no doubt directed attention towards this species of income, and the first recorded movement on a large scale was that of the Mercers' company, already mentioned[2], which differed from the scheme of the annuities of the government, since the latter were given for a single capital payment, whereas the scheme of the Mercers' company provided for periodic payments during the life of those who wished to provide an annuity for their successors[3].

In 1699, according to the account of the members, a joint-stock company was formed by ten persons under the title of *the Society of Assurance for Widows and Orphans*[4], but in 1698 an undertaking, with the same name, was in existence inviting people to join it. The business was conducted under a kind of tontine system. There were to be 2,000 subscribers, and, on the death of any one of them, the others were

[1] *Vide supra*, p. 373. [2] *Vide supra*, p. 368.

[3] About 1697, according to a petition of James Isaacson and three others, dated July 4, 1698, a new undertaking had been invented "for supplying the defects of jointures by a mutual contribution," which secured the widow a single payment of £500 or an annuity of £50, which was entitled *The Friendly Society of the Joint Stock of Assurance for Widows*—State Papers, Domestic, Petition Entry Book, IV. p. 239.

[4] *Ibid.*, Petition Entry Book, XII. p. 289. In a copy of *The Proposals of the Friendly Society for Widows* [Brit. Mus. $\frac{712.m.1}{47}$] it is stated that this office was opened November 27, 1696.

to pay 5*s*. each. Out of the sums thus received the widow of the deceased was to receive £500[1]. In 1703 a second society was formed which was intended to consist of 100 subscribers[2]. Ten years later the business had fallen into difficulties. For a number of years all claims had been met, until Robert Barrington, the master of the society, had absconded with its funds, and had brought it into disrepute. As a result, it had been necessary to dissolve the undertaking, and on July 13th, 1713, several persons petitioned for a charter in order to revive it. They proposed that the new society should be limited to 2,000 persons, and that the stock should not be more than £2,000 at any one time[3]. It is probable that, in view of the proceedings of the marriage-societies of 1710, this petition was not granted and that the business was not re-started.

B. The Proprietors of the Traders' Exchange House Office for Lives (1706–7). The Amicable Society for a Perpetual Insurance Office (1706).

These two undertakings, both of which were founded in the year 1706, were organized in a manner similar to the society of Assurance for Widows and Orphans. *The Traders' Exchange House Office* was founded by Charles Povey, and the subscribers were to be 4,000 reputed healthy persons between the ages of 6 and 55 years. Each subscriber was to pay 2*s*. 6*d*. per quarter; and, at the end of every quarter, £300 was to be divided amongst the representatives of the members or their nominees, who had died in that quarter. It soon became manifest that many members had insured very bad lives, and therefore it is not a matter for surprise that this undertaking came to an end about 1710[4].

In the same year in which Povey's company was formed (1706) there was established *the Amicable Society for a Perpetual Assurance Office*. This organization was the first of the insurance undertakings to obtain a charter of incorporation which was dated July 25th, 1706. This instrument, besides granting the usual privileges of perpetual succession, the owning of lands and use of a common seal, constituted a body of twelve directors to manage the business, and gave minute directions how it was to be conducted. The subscribers were to be members of the society and they were never to exceed 2,000 in number. Each of the first 2,000 members was to pay 5*s*. towards "the joint-stock,"

[1] *The Postman*, No. 525, Oct. 11, 1698.
[2] *London Gazette*, No. 3883, Jan. 25, 1703.
[3] State Papers, Domestic, Petition Entry Book, XII. p. 239.
[4] Relton, *Fire Insurance*, p. 514.

as entrance-money[1]; and, in addition, £6. 4*s*. per annum as a premium during the continuance of the life assured. The first year one-sixth of the premiums received was to be divided amongst those entitled to claim, £4,000 in the second year, £6,000 in the third, £8,000 in the fourth and £10,000 (or as much as might be decided on in a general meeting) in the fifth and subsequent years. If the full 2,000 members did not join these sums divisible were to be proportionately reduced[2].

In the year 1706, 875 persons had joined and the amount divided gave each claimant £30. 2*s*. 9*d*. In 1707 the number was complete, and £41. 13*s*. 4*d*. was paid in each case; this division had risen to nearly £92 in 1710[3].

This society was thoroughly mutual, unlike some others which, while professing to be friendly, were in reality the proprietary ventures of one or more persons. However, it is not so much to this characteristic as to a better scrutiny of nominated lives that the continued existence of this society is to be ascribed. Besides, it differed from other life-insurance ventures in requiring a much larger premium and in paying larger sums, so that there was every inducement to exercise greater care. It is perhaps no small tribute to the ability of the early management that it was able to keep the undertaking in existence, when so little was known of the principles upon which this class of business should be conducted. The Amicable society continued to transact an extensive business until 1866, when it was absorbed by the Norwich Union life insurance society[4].

C. The various Societies for Insurance on Life-Contingencies of the Year 1710.

It was not long before it was recognized that the system, adopted by the three undertakings already mentioned, could be utilized in providing against other contingencies than death. Indeed the prevalence of the custom of effecting an insurance on the life of some nominee tended both to introduce a speculative, rather than a provident element, and also to suggest that many other events might be assured for or against by the same method. Thus it came about that towards the end of 1709 and during the year 1710, there were very many so-called insurance societies formed. A few of these aimed at providing a sum of money to be paid to the insurer on the death of his nominee, but most of them were

[1] Subsequent subscribers paid 10*s*.

[2] *The Charter of the Corporation of the Amicable Society*, London, 1710.

[3] *Ibid.*, pp. i, ii.

[4] For the further history of the Amicable society see Walford, *Insurance Cyclopædia*, I. pp. 74–87.

occupied with the contingencies of marriage and birth, while a few proposed to enable apprentices to have a small amount of capital on setting up for themselves. Apparently, no schemes could have been of a more provident nature, but there were certain elements which diverted the movement from being one of thrift towards something more akin to gambling. Allusion has already been made[1], in the case of life-insurance proper, to the practice of registering a life other than that of the person paying the premium. When the premium was the same, whatever the age of the accepted life, it was to the interest of the policy-holder to insure the worst life the office would accept. Now in the "insurances" on marriages, there was the same custom of entering nominees; and, under the conditions on which the societies were formed, it was possible for anyone, who made a study of the conditions, to benefit disproportionately to the detriment of the *bona-fide* provident members. Besides, there were great temptations to fraud on the part of the managers of the offices, and many indications show that an honestly conducted insurance society was the exception rather than the rule in 1710–11—for instance Dorothy Petty attributes the success of the undertaking of which she was a director (one of the Union societies) to the fairness of her transactions[2].

The most remarkable characteristic of the whole movement is the extraordinary number of societies founded from 1709–11, some idea of which may be gathered from the following list, which, however, does not claim to be exhaustive[3].

Name	Nature of Insurance
The Amicable and Most Beneficial Society, 12 Bell Court, Cheapside[4].	Marriage
Bee-Hive Society, at the Golden Beehive, Strand.	Marriage and Births, also non-marriage
Beneficial Society, Flying Horse, near Ratcliffe Highway.	Marriage
Original Beneficial Society, Swan Yard, Strand.	Marriage and Births
Bunch of Grapes Office.	
Company of Advantageous Insurers.	
Safest and Most Advantageous Office, at the Carved Porter, near the Guildhall.	Marriage and Servants
Fair Society, at the Bunch of Grapes, Fleet St.	Marriage
The Faithful Office, kept by the Widow Pratt, near the Guildhall.	

[1] *Vide supra*, p. 371.

[2] *The Petition of Dorothy Petty*, quoted by Cunningham, *Growth of English Industry and Commerce in Modern Times*, p. 491 (note).

[3] Taken from the Collection of Proposals [Brit. Mus. 1890, b, 5, 816. m. 10] and the advertisements in the newspapers.

[4] Marriages in the Fleet, Ludgate or Queen's Bench were excluded.

Name	Nature of Insurance
Fleur de Luce Society, at Lyon's Inn.	
Old Office of Insuring Marriages at a certain and weekly dividend, at the Fleur de Luce, St Clements.	Marriage
Friendly Society, at the Black Swan, Shoreditch.	,,
Generous Society, at Templeman's Coffee House, Strand.	,,
Generous and Amicable Societies, at Widow Pratt's Coffee House.	,,
Good and Friendly Society.	,,
Hand and Heart Society, New St.	Children
Hereditary Society.	Lives
Honorable and Volontary Societies, at Hurt's Coffee House, Strand.	
The Hudson's Bay Company, at Hudson's Bay House, Fenchurch St.	Apprentices
Just and Amicable Societies, at Widow Pratt's Coffee House.	Servants
Liberal Society, at Hargreave's Coffee House without Bishop's Gate.	Marriage
London Charitable Society, at Paternoster Row.	,,
Monthly Society of Assurance on Lives, Bedford Court, Covent Garden.	Lives
Office of Insurance on Lives, at the Rainbow Coffee House, Cornhill.	,,
Office of Insurance on Marriages,—	
at Bell Court, Fleet Street.	Marriage
in King's Head Court, Petticoat Lane.	,,
at St Martin's Court.	,,
over against St Olave's Church, Southwark.	,,
at Mr Hargreave's Coffee House.	,,
at The Cow's Face, Crooked Lane.	,,
at Bolt Court.	,,
kept by Mr Simpson, Goldsmith, at Fountain Court, Strand.	,,
kept by Mr Gray, Glazier, at Swan Yard, opposite Somerset House.	,,
at the Bunch of Grapes.	,,
at Bangor Court, St Andrew's Church.	,,
Only Lawful and Perpetual Office, at London Stone, of the Charitable Society of single persons.	,,
Original Loyal Society, at the Spur Inn, Southwark.	,,
Loyal Society, Red Lyon, Minories.	,,
The Loyal Societies.	,,
Loyal United Society, at Bounce's Coffee House.	,,
Newest and Best Society, at Dean's Head, St Martin's le Grand.	,,
Noble and Honest Society, at the Sign of the Vine, Newgate St.	,,
Nuptial Office, at Pilkin's Coffee House, Clerkenwell Close.	,,
Original and Beneficial Society, at the Swan, Strand.	,,
Perpetual Insurance Office, at the Sign of the City of Bristol, St Catharine's.	,,
Political Society, Bolt Court, Fleet St.	,,
The Profitable Society, at the Wheat Sheaf.	,,
Profitable and Equitable Society, at the Fleur de Luce.	Children
Profitable and most Equitable Society, at the Tin-shop, Newgate St.	Marriage
Second Profitable Society, Palsgrave, near Temple-Bar.	,,
Political Society, at Finch Lane.	,,
Royal British Society, next door to Fountain Tavern, Strand.	,,

Name	Nature of Insurance
Safe Society, at the Old Plough, Strand.	Marriage
Secure Society—Hand and Glove, Great Russell St., Covent Garden.	,,
Secure Society, at the Sheep and Fox, Strand.	,,
Society of Mutual Contributors, Ironmongers' Lane, Cheapside.	,,
Society without Loss, Little Piazza, Covent Garden.	,,
Substantial and Profitable Society, St Olave's, Southwark.	,,
Substantial Society for the Public Good, at St Lawrence's Lane.	,,
True British Societies, Vine St., St Michael, Crooked Lane.	,,
Undoubted Profitable Society, at the Sign of the Ship, Strand.	Marriage and children
Undoubted and Profitable Society, at the King's Head, St Clement's Court.	Marriage
Union Society, at the Black Lion, Drury Lane.	,,
Union Society, at the White Lion by Temple Bar[1].	,,
Union Society, at the Cheshire Cheese, Whitechapel.	,,
Union Office, Bishopsgate.	,,
United Amicable Society, at the Pennsylvania Coffee House.	Lives and children
United Company of Insurers, at the Green Lamp, Downing St.	
United Generous Societies, at the London Coffee House, Threadneedle St.	Marriage and apprenticeship
Unquestionable Society, White Lion, King St., near the Guildhall.	
Utible Society "next door the Blue Boar and opposite the Half Moon Tavern," Aldersgate St.	

D. The Company of London Insurers upon Lives (1709).

In contradistinction to the ephemeral so-called mutual societies from 1709 to 1711, there was a company, formed in the former year, which survived the insurance boom of this period. It was incorporated by charter in April 1709, and the members were empowered to elect twelve directors, who chose a chairman from amongst themselves. The quorum at a court of directors was seven, and at a general court it was twenty. Each member had one vote for every share, and at all meetings the chairman had both a deliberative and, in the case of equality, a casting vote. It was also provided that the company might increase or lessen its capital, always provided that sufficient assets remained "to answer all policies and contingencies thereon[2]."

In 1714 this company[3] prepared a very elaborate set of proposals

[1] It is to this Society that the petition of Dorothy Petty relates.

[2] Harl. MS. 2263, ff. 213, 214.

[3] It is possible that these proposals may have emanated from a different company from that which received a charter in 1709. The title of the latter was "the Company of Insurers upon Lives," whereas the body, from which the proposals emanated, was called "The Company of London Insurers."

which was prefaced by the statement that "wise men do look upon projects of this nature with caution at a distance before they engage in them," therefore very elaborate financial details are given. The method adopted was the same in principle as that of the Amicable, but it differed in the application. The payment of premiums was to continue for ten years only, during which time each member (who survived) would have paid £11. 19*s*. 4½*d*. The total premiums were to bring in an income of £8,000[1], and every second year a division was to be made amongst the claimants, amounting to £5,000 in 1716, and subsequently to £6,000 in the later years. It will thus be seen that the amount divisible was considerably less than that received; and, in addition, interest on the surplus at 6 per cent. went to increase the capital. Therefore, at the end of the tenth year, after paying all claims, the company would have accumulated funds of over £86,000, which would suffice to meet all demands without additional payments by the members[2].

[1] No information is given as to how the loss of premium through deaths was to be made good.

[2] *Proposals of the Company of London Insurers* [Brit. Mus. 8225. e. 31].

SECTION IV. MARINE INSURANCE COMPANIES.

The Undertaking for insuring Ships and Merchandize at Sea (1717).

The Undertaking kept at the Royal Exchange for insuring Ships and Merchandize at Sea (1717); or The Mercers' Hall Marine Company.

The Governors, Assistants and Societies of the City of London of and for the Mines Royal, the Mineral and Battery Works and for assuring Ships and Merchandize (1718); or The Old Insurance; or Onslow's Insurance, incorporated (1720) as The Royal Exchange Assurance.

Colebrook's Insurance (1719).

Ram's Insurance (1719).

Ram and Colebrook's Insurance (1719); or Chetwynd's Insurance, incorporated (1720) as The London Assurance.

Though marine insurance was developed by joint-stock enterprize later than fire or life risks, this delay was atoned for by the great amount of attention concentrated on this class of business once it began to attract promoters. The circumstances which attended the entrance of the joint-stock type of organization into this field are very complex, but are of great interest, since they resulted, but by somewhat devious ways, in the incorporation of the Royal Exchange and London corporations, which still exist.

The commencement of the movement is to be found in 1717. At that date Sir Justus Beck, Sir Alexander Cairnes, with many others, projected *an Undertaking for Insuring Ships and Merchandize at Sea*; and, on March 14th of that year, lists were opened for subscriptions of

£1,000,000[1]. In the summer a rival scheme was propounded by Case Billingsley, a solicitor interested in financial ventures, who had an office in the Royal Exchange. The lists were opened about August 12th, 1717, for a subscription of £1,000,000 and not exceeding £2,000,000, and were closed on January 16th, 1718. This undertaking was described sometimes as *the Mercers' Hall Marine company*, or *the Undertaking kept at the Royal Exchange for insuring Ships and Merchandize at Sea*[2].

The former of these two undertakings presented a petition, praying for a charter, which, by an order in Council, was referred to the Attorney-General on February 2nd, 1718[3]. At the same time two counter petitions, the one from 370 merchants of London and the other from Bristol, were considered. The report on these was issued on March 12th. The Attorney-General stated that there was no joint-stock body in Europe for this purpose[4], adding that "the making of an experiment in a thing of this nature, if it should prove amiss, would be of the utmost consequence to the trade of this nation," and therefore he refrained from advising the incorporation asked for.

Thus in the summer of 1718 both schemes were at a standstill. Some expenditure had been incurred by each company, a part of which, having been paid in "fees" to the Attorney-General, formed the subject of a subsequent Parliamentary enquiry[5]. In the course of the hearings, it had been stated that to carry on business a charter was required; and, on the appearance of the adverse report, Lord Onslow who was a member of the Mercers' Hall Marine company was acute enough to see how the legal difficulty might be surmounted. He appears to have been connected with the Elizabethan societies of the Mines Royal and the Mineral and Battery Works[6], and the idea suggested itself to him or to Case Billingsley[7] that, if the charters of these were purchased, marine insurance could be carried on under them. It was felt, too, that there would be additional opposition, if the supporters of the other proposed company were excluded from the benefit of these grants, and therefore

[1] *Special Report of the Committee appointed to enquire into and Examine the several subscriptions for Fisheries, Insurances and Annuities for Lives*, London, 1720: *Journals of the House of Commons*, XIX. p. 344.

[2] *A List of the Names of the subscribers for raising the Summe of one million sterling as a Fund for Insuring ships and Merchandize at Sea* [1718], Brit. Mus. 8225.a.38; Relton, *Fire Insurance*, p. 153.

[3] *Journals of the House of Commons*, XIX. p. 344.

[4] It is recorded, however, that a joint-stock marine insurance company had been established in France as early as 1664—*Le Capital, la Spéculation et la Finance au XIX^e Siècle*, par Claudio Jannet, Paris, 1892, p. 161.

[5] *Journals of the House of Commons*, XIX. pp. 308–10.

[6] For an account of these *vide supra*, II. pp. 383–405, 413–29.

[7] In the case of the York Buildings company (Division XII., Section 2) it was Billingsley who effected the transfer from the old to the new company.

it was decided to give those, who had joined either of the undertakings of 1717, an opportunity of becoming members of the new body[1]. The list was completed on August 27th, 1718, and the whole amount of stock taken up was £1,152,000. On this nominal capital only ¼ per cent. had been called up by January 28th, 1719, and on February 26th a further 5 per cent. had been paid in[2]. Though these calls provided £60,480, this sum was not all available for purposes of marine underwriting. In order to obtain control of the charters of the Mines Royal and Mineral and Battery Works it had been necessary to purchase 124 shares in these societies at a cost of £2,904. 14*s*. The remaining shareholders in the Elizabethan bodies elected to exchange their shares in these as against an equivalent amount of stock in the insurance company[3]. By this operation the members of the latter, who numbered 400, believed themselves legally entitled to start marine underwriting under the style of *the Governors, Assistants and Societies of the City of London of and for the Mines Royal, the Mineral and Battery Works and for assuring Ships and Merchandize*[4].

On March 3rd, 1719, it was announced that business would be begun at the office of the company "in the Royal Exchange[5]." Thereupon the opponents of the new departure again petitioned, stating that the charters, under which insurances were being effected, had been originally granted for other purposes, and it was asked that they should "be set aside[6]." The company replied, and on May 9th the Attorney-General reported that the use made of the charters was unwarrantable, adding that the design appeared to have been to use these grants "as an experiment in the insuring of ships by a corporation[7]." This report

[1] There has been some doubt as to the relations of these three proposed companies at this time, but the following passage makes it clear: "Notwithstanding the said reports [*i.e.* of the Attorney-General and of the Solicitor-General] all the old subscribers signed a new subscription," *Journals of the House of Commons*, XIX. p. 345.

[2] *Vide infra,* Summary of Capital, A, p. 410.

[3] *Journals of the House of Commons*, XIX. p. 344.

[4] This title, without the last clause, was that of the charters of James I. Frequently the company used an abbreviated form, as for instance in the following: *Reasons humbly offered by the Societies of the Mines Royal, Mineral and Battery Works who insure Ships and Merchandize with the Security of a deposited Joint-Stock* $\left[\text{Brit. Mus. } \frac{816.\text{m}.10}{117}\right]$.

[5] *Daily Courant,* March 3, 1719.

[6] *Reasons humbly offered against the Societies of the Mines Royal, Mineral and Battery Works who have undertaken to insure Ships and Merchandize at Sea without a Charter* $\left[\text{Brit. Mus. } \frac{357.\text{b}.3}{76}\right]$; *Office-keepers Answer to a Scandalous Reflection on them by the Societies of the Mines Royal, Mineral and Battery Works.*

[7] *Journals of the House of Commons,* XIX. p. 345.

further states that the erection of such a body would require mature deliberation. Though the opinion of the law-officers was not favourable to the undertaking, it continued to transact business, and by July 31st a further $4\frac{3}{4}$ per cent. had been called up on the stock making 10 per cent. in all and amounting to £115,200[1]. The business transacted was considerable—early in 1720 policies had been underwritten to the sum of $1\frac{1}{4}$ millions[2], while the total insured from April 1719 to December of the same year is stated to have been two millions[3]. It was believed that the risks underwritten had left a satisfactory balance in favour of the company, and, in October or November 1719, a dividend was declared[4]. Such success drew attention to the prospects of the undertaking, and the stock was quoted at $15\frac{7}{8}$ (for £10 per cent. paid up) "without the dividend" by Freke on November 1st, under the title of "insurance stock on ships." The price advanced till 18 was touched on the 23rd, after which there was a slight relapse, owing to the floatation of the rival schemes of Ram and Colebrook, and at the end of December the shares fluctuated from 16 to $16\frac{3}{8}$. At this time the company had considerable resources in hand, since it sold out £4,500 India stock on October 6th, £200 more on December 15th and £2,400 on February 11th, 1720. These sales of £7,100 India stock realized, at the respective market-prices, about £13,050[5]. It may be conjectured that this realization of investments was not to pay losses, but for the purpose of purchasing South Sea stock, which was just beginning to advance.

The promotion of other marine insurance companies in November and December was one of the first signs of the boom of 1719–20. The first of these to appeal to the public were those already mentioned and identified with the names of Ram and Colebrook, each of which had a proposed capital of about a million[6]. The initial stage of the floatation was reached in November, when "permits" were issued, in each case for 2*s.* 6*d.*, which entitled the holder to the allotment of £100 of stock. After some negotiation, it was decided to amalgamate the two ventures with a nominal capital of £2,000,000, in which £2,000

[1] *Vide infra,* Summary of Capital, A, p. 410.

[2] *Journals of the House of Commons,* XIX. p. 344.

[3] *The Royal Exchange Assurance, an Historical Sketch,* [by W. N. Whymper], 1896, p. 9.

[4] Mr Whymper, the present secretary of the corporation, informs me that nearly all the early records were burnt in the fire at the Royal Exchange in 1838, and those that were saved give no information as to the early finances of the company. Therefore it has been impossible to recover the amount of this dividend.

[5] Court Book of the East India company, XLVIII., ff. 443, 513. These transfers are recorded through their being executed under power of attorney. No books giving transfers of South Sea stock are discoverable.

[6] *Vide infra,* Division XIII., Nos. 6, 7, 9.

stock was entitled to one vote, £5,000 to two votes, £8,000 to three votes, £12,000 to four votes, which was the maximum[1]. The lists were opened for subscriptions on December 22nd and were soon filled. The sum of £1 per cent. was called up; and, as early as January 2nd, 1720, the shares were quoted at $2\frac{3}{4}$, rising to 5 on February 20th, at which date, those of the company already established, had touched 41—these prices representing a premium of from 300 to 400 per cent. on the amount paid up. By this time Lord Chetwynd had become interested in the undertaking recently floated, which was described as "Ram and Colebrook's Insurance," "Chetwynd's Insurance" or "Chetwynd's Bubble," while the company carrying on business at the Royal Exchange was generally described as "the Old Insurance[2]," "Onslow's Insurance" or "Onslow's Bubble." The latter was not only threatened with the rivalry of the former, but with that of other companies which were being promoted. After staving off enquiry for six months, it was now forced to endeavour to regularize its legal position. In consequence of the report of the Attorney-General in 1719, the directors admitted that it was a mistake to style their undertaking the societies of the Mines Royal, Mineral and Battery Works, and they again decided to ask for a charter of incorporation. On January 8th, 1720, their request, together with counter-petitions, was referred to the Attorney-General; and, on the appointment of the Committee of the House of Commons to enquire into recent fishery and insurance promotions, the affairs of this undertaking acquired considerable prominence. It was shown that during the short time that it had been in existence, policies on English ships, formerly underwritten in Amsterdam, were now done by this body, and that business had come to it from Holland. It was also stated that all claims had been promptly met[3]. The company, promoted by Stephen Ram, testified to the general advantages of insurance by a company. It drew attention to the great number of failures of individual marine underwriters, stating that the loss to merchants, through this cause alone during the past twenty or twenty-five years, was £2,000,000[4]. To this argument it was replied, on behalf of the present insurers, that none of the proposed companies was aiming as much at legitimate business as to obtain great estates for the first subscribers "by blowing up the stock." The answer

[1] *Journals of the House of Commons,* XIX. p. 346.

[2] This term was due to the use of the charters of the Mines Royal and Mineral and Battery Works.

[3] *Journals of the House of Commons,* XIX. p. 344.

[4] *Ibid.,* XIX. p. 346. The failures of underwriters from 1718 to 1720 were said to have numbered 150, but Mr Frederick Martin points out that most of these were not regular frequenters of "Lloyd's Coffee House"—*The History of Lloyd's and of Marine Insurance in Great Britain,* London, 1876, p. 102.

of the governor of the company, founded by Ram, that "he can't tell whether any of the stock is sold out or whether it continues in the hands of the first subscribers, but that no transfer was made of any of the stock, for it was the chiefest care of the persons concerned to think of methods to prevent stock-jobbing," is more than a little specious, since transactions in the shares were numerous and at advancing prices until February 20th. On the reports of the Attorney-General on March 5th and 7th there was a considerable fall in the shares of both companies[1].

There was a third proposed undertaking involved in the proceedings. This was one promoted by Charles Shales, the nominal capital of which was £1,000,000[2]. On behalf of this venture it was deposed that the risks of private underwriting were great, since "twenty years ago, within a few weeks thirty or forty persons, private insurers, had gone off." During the progress of the enquiry, evidence was adduced showing that the methods of the directors of this enterprize were not above suspicion. Promotion money was paid to a bankrupt, and part of the sums, received from the shareholders, was disbursed in the purchase of allotment letters, at a premium of over 60 per cent., "in order to oblige some persons by letting them into the subscription." On such evidence the success of this scheme became doubtful, and it was recognized that only those identified with the names of Onslow and Chetwynd were likely to be favourably considered. The Attorney-General reported on March 7th, pointing out that "the sense of the greater part of the merchants of the City of London, who have concerned themselves on this occasion, is in favour and approbation of such an incorporation as is prayed," but, he added, "as no satisfactory reason has been offered to me for erecting such an incorporation on so large a joint-stock, as is prayed also in this petition[3], the ends of trade will, I think, be sufficiently served by a far less joint-stock than is herein proposed, in case his Majesty should think fit that any such charter should be granted, and, by a reduction of such joint-stock to a competent sum, sufficient only for the purposes aforesaid of insurance, any misapplication, which might otherwise be made of such joint-stock to purposes different from that of insurance of ships and merchandizes and which may be of great inconvenience to the publick, will be prevented: but if his Majesty shall be graciously pleased to erect such a corporation, under proper regulation,

	Royal Exchange £10 paid	London £1 paid
[1] Highest price, Feb. 1720	41	5
Quotations, March 1720	21½—35	3¼—4¼

[2] *Vide infra*, Division XIII., No. 10, p. 445.

[3] This opinion was given primarily on the petition of Chetwynd's insurance.

I am humbly of opinion that it is by no means advisable to erect two or more corporations of that nature[1]."

Between the date of this report and that of the Committee of the House of Commons on April 27th seven weeks elapsed. The latter document was adverse to the marine insurance schemes, and a bill was to be brought in to suppress recent unauthorized promotions. Meanwhile the supporters of the proposed companies had not been idle. After more than two years of struggle, they had at length obtained an opinion from the law-officers of the Crown, which, though qualified, was on the whole favourable to their hopes. It is true that, in it, objection was taken to the large capitals proposed, and it remained for the promoters either to reduce the nominal amount or else to justify it. The latter course was adopted, and negotiations were commenced by the two companies, under which each undertook to discharge £300,000 of the arrears of the Civil List. On May 4th the King sent a message to the Commons hoping for "their ready concurrence" in the erecting of two marine insurance corporations, whereby (in addition to the benefit to trade) the debt on the civil government would be lightened, "without burdening the people with any new aid or supply." On a motion being made, approving of such incorporations, the proposal was carried by 186 votes to 72[2]. Accordingly, clauses were added to the bill for preventing the taking of subscriptions of capital by companies, authorizing the foundation of two marine insurance companies which were granted a monopoly of this class of business for 31 years against other companies or partnerships with a joint-stock, but not against individuals or partnerships without a joint-stock. The East India and South Sea companies were exempted from the operation of the former part of this clause. The bill was read a first time on May 20th in the House of Commons, and, having passed the Lords, it received the royal assent on June 10th[3], and on the 22nd two charters, almost identical in every respect but the title, were signed. At length the company which had been described by so many different names—the Mercers' Hall Marine company, the Undertaking kept at the Royal Exchange, the Societies of the Mines Royal, Mineral and Battery Works, Onslow's Insurance—received a fixed designation as *the Royal*

[1] *Journals of the House of Commons*, XIX. pp. 346, 347.

[2] *Ibid.*, XIX. pp. 355, 356. As soon as possible after this favourable vote, the company issued £60,000 stock on May 18, on which 10 per cent. was called up. Since the quotation at this date was 60, it is probable that the issue was made at a considerable premium, the amount of which however is not known—*vide* Summary of Capital, A, p. 410.

[3] 6 George I., c. 18, §§ 1, 4, 6, 7, 12, 16, 20: *Journals of the House of Commons*, XIX. pp. 365, 373.

Exchange Assurance; while its friendly rival—known hitherto first as Ram's insurance and then as Chetwynd's insurance—became *the London Assurance*[1]. The main provisions, after the incorporating clause, are the same in either charter. Each company was entitled to elect a governor, sub-governor, deputy-governor and twenty-four directors[2], who continued in office for three years. Voting rights, qualifications, the oath of office-bearers and the form of transfer are all minutely prescribed[3]. Each undertaking was authorized to raise a capital of £1,500,000; and it may be conjectured that the method, by which this amount was arrived at, was by adding to the subscribed nominal stock of the Royal Exchange the sum payable to the Exchequer. The total, so reached, would just have exceeded £1,500,000 and so the round million and a half was determined. The capital of the one corporation being thus settled, that of the other was fixed at the same amount[4]. Both companies were bound to keep such a stock of ready money as would suffice to pay all just demands on their policies, and they were empowered to create an "additional stock" by making calls to meet such losses; but, when the emergency was passed, the sums, so paid, might be divided amongst the members[5]. It was further provided that no member of either corporation might hold any share or shares in the other, under penalty of forfeiture[6]. The amounts and dates of payment of the £300,000 by each body were explicitly stated—£100,000 being payable in either case on or before July 22nd and the balance in four equal sums of £50,000 at intervals of two months[7]. If any of these instalments should be in arrear for thirty days, the charter of the defaulting company was revokable. Subject to this condition, the joint-monopoly of marine insurance against corporations, in the terms of the act, was recapitulated, with the proviso that either corporation might be determined, *within the space of the next thirty-one years*, on the repayment of the £300,000, without interest; but, *after* 1751, either or both corporations might be dissolved,

[1] It is noteworthy that, in neither *title*, is the undertaking incorporated described as a company, corporation, society or fellowship.

[2] This was on the model of the South Sea company, *vide supra*, p. 295.

[3] *The Charters of the Royal Exchange Assurance and of the Royal Exchange Assurance of Houses and Goods from Fire*, pp. 1–26; *The Charters of the Corporation of the London Assurance*, London, printed by Sir Joseph Causton and Sons, pp. 1–19. In the case of the London Assurance the sliding scale for votes under the charter was repealed by 54 & 55 Vict. c. 126, § 37.

[4] *Charters* (*Royal Exchange*), p. 38; (*London*), p. 27.

[5] Cf. the additional stock of the New East India company, *vide supra*, II. p. 182; *Charters* (*Royal Exchange*), pp. 37, 41, 42; (*London*), p. 28.

[6] *Ibid.* (*Royal Exchange*), p. 54; (*London*), p. 37.

[7] *Ibid.* (*Royal Exchange*), p. 36; (*London*), p. 25.

without return of the specified sum, should "their further continuance be hurtful or inconvenient to the publick[1]."

During the interval between the report of the Committee of the House of Commons (April 27th) and the end of June, the market in the shares of the two companies was an excited one. In anticipation of the former event, on April 23rd those of the London company had opened at $4\frac{3}{4}$, risen to 11 and closed at 9. After the King's message to the House of Commons on May 4th they touched 19, while those of the Royal Exchange were at 38. By this time £5 was paid in on the former and £10 on the latter, so that the relative premiums were the same. As the inflation of the period grew, both shares advanced. Before the end of May the prices of the beginning of that month were doubled, and by the end of June the Royal Exchange had touched 135—the London 62. Up to the 15th of August quotations advanced and on that day the former touched 230 and the latter 170[2]. Both companies had invested in South Sea stock, and preparations were made for obtaining more capital to continue these operations. Just at this time the government determined to take action against the numerous promotions of the time; and, when it was known that the governors and directors were summoned to appear at Whitehall, the market gave way, with the result that, by the date of the interview (August 22nd), prices were only one-half what they had been a week before. Eventually the "Lords-Justices were pleased to caution them [*i.e.* both courts] to keep expressly to the limitations of their charter, that no complaints might lye against them[3]." It is not improbable that both companies had joined in the prevalent speculation in stocks. Thus it is noted on July 13th that the Royal Exchange had asked leave of the South Sea company to subscribe £74,300 of redeemable debt in anticipation of the opening of the lists in the following month[4].

Meanwhile the financial condition of the two corporations had become interesting. Each was bound to pay £100,000 to the Exchequer on July 22nd and £50,000 on September 22nd[5]. To meet this

[1] *Charters* (*Royal Exchange*), pp. 55, 56; (*London*), pp. 37, 38.

[2] These quotations are taken from Freke and the newspapers. The *Bubbler's Mirror* gives the maximum for the Royal Exchange 250 and for the London 175. That the speculation in the shares of both companies was very great is shown not only by the quotations, but also by the statement of Aislabie, who said that "these two projects were founded in greater iniquity and contributed more to the publick calamity than anything else"—*Mr Aislabie's Second Speech on his Defence in the House of Lords*, London [1721], p. 14.

[3] *The Weekly Journal or British Gazetteer*, Aug. 27, 1720.

[4] Minutes of the South Sea company, Brit. Mus. Add. MS. 25,497, f. 30.

[5] *Charter* (*Royal Exchange*), p. 36.

the London company had realized almost the sum, needed for the first instalment, by calls of £5 per share, while the Royal Exchange had received more than the required amount by the payment of 10 per cent. on its capital of £1,212,000 in its original form[1]. In the two months between the two payments, much had happened. A week before the second was due, South Sea stock, which had been over 1000 at the height of the boom, had fallen to below 600, with the result that it was impossible to carry out the original intention of providing the payments to the State from profits made on the Stock Exchange. The London company faced the difficulty by resolving on September 14th to call up a further £5 per share. The position of the Royal Exchange is not quite so clear. Apparently a public issue of shares had been projected in August since it was reported on September 10th that "the subscription, taken in some time since, was to be all returned[2]." Whether this was done or not, on the 19th and 20th lists were opened for a new subscription which was limited to the registered proprietors, who were given the opportunity of taking up an amount of stock equal to their present holdings at 180 per cent., of which 20 per cent. was payable on application and the remainder in instalments of the same sum at intervals of three months[3]. No doubt the issue-price was fixed in relation to the market-quotation of the stock which was 180 or over from August 10th to 17th. The effect of this operation would have been to increase the nominal capital from £1,212,000 to £2,424,000; but, when the subscription had been paid up, the company would have had funds provided by its stockholders to the extent of £2,302,800 (made up of 10 per cent. on the first half of the capital and 180 per cent. on the second half) with an uncalled liability of £2,181,600 being 90 per cent. on the total capital. The completion of the scheme was frustrated by the collapse of the stock-market. Just four days after the lists were due to close, came the failure of the Sword Blade company and of many other bankers (September 24th), with the result that the stock recently allotted at 180 was selling at 65. Needless to say, as in the case of the South Sea company, there was a clamour for the revision of the terms, and on October 28th the following resolutions were passed. "Every proprietor in the Royal Exchange Assurance company, who hath paid in 20 per cent. on the subscription, is entitled to two transferrable shares for each £100 he had in the Mines Royal, Mineral and Battery

[1] *Vide infra*, Summary of Capital, A, p. 410. To the sum mentioned above there is to be added the probable premium on the issue of May 18th, *vide supra*, p. 402 (note 2).

[2] *The Weekly Journal*, September 10, 1720.

[3] *Post-boy*, September 8–10, 1720; *The Royal Exchange Assurance Magazine*, I. p. 119.

Works, and they are now selling 10,000 shares at £20 per share for so much capital stock; £4 to be paid on subscribing, and no more than £4 per share at a time and that after 14 days notice; and for every five of these shares a transferrable share will be allowed on paying £10 down and so in proportion to every five shares, liable to no further payment[1]." This scheme consists of several different parts. First, in exchanging the capital of the Mines Royal and Mineral and Battery Works for that of the Royal Exchange Assurance, a change was made. The former, prior to signature of the charter, had a stock of £1,212,000 on which 10 per cent. was called up. It had been decided to reduce the nominal capital by one-half, transforming it into 12,120 shares of £50 each with £10 paid[2]. Now those, who had subscribed to the issue of stock of September, had already paid 20 per cent., that is just twice as much as the old proprietors. The former were forgiven the instalments, they had contracted to pay, and were offered two of the Royal Exchange Assurance shares of £50 each, on which their deposit was accepted in satisfaction of the call of 20 per cent. But, of those who had taken up shares, either in this or the former issues, some had not paid the calls, and it was announced on October 6th that proprietors, who failed to meet these claims at latest by the 21st, should forfeit their holdings[3]. Owing to the recent panic, there were many defaulters, and thus a quantity of shares remained at the disposal of the company. The concluding clause of the resolution of October 28th relates to these, and it may be interpreted in the following manner. Hitherto the new issues of capital had been confined to those who were already proprietors; whereas now the shares, not taken up, were to be offered to the public at 20, that being the lowest market-price from October 14th to 28th. As an inducement to subscribers, they were offered one additional share for every five at the reduced price of £10; so that, by accepting these terms, six shares could be secured at £110, as against £120 in the market. Though the bonus was a substantial one, it was not sufficient during the weeks of deep depression following the recent crisis. Alto-

[1] *Daily Post,* Oct. 28, 1720.

[2] *The Royal Exchange Assurance Magazine,* I. p. 119.

[3] The following is the resolution—"That a call be paid on or before the 13th inst. of 20 per cent. by the proprietors of such reduced stock as they shall not accept the subscription and make the payment on or before the 10th inst. And such person or persons as have not hitherto nor shall subscribe the stock they were entitled to in the Mines Royal, the Mineral and Battery Works on or before the 21st inst. shall be excluded. The court of directors further give notice that the transfer-books will be shut on the 20th inst. and continue so till the 27th inst. in order for a dividend"—*Daily Courant,* Oct. 10, 1720. For the year 1720 the total dividends amounted to 25 per cent.—*Royal Exchange Assurance Magazine,* I. p. 121.

gether there turned out to be 10,760 shares available, out of which by November 11th "not 2,000 had been taken[1]." The directors persisted in retaining the amount of nominal capital, as fixed early in October, that is the original "reduced" capital of £606,000 nominal, divided into 12,120 shares of £50 each with £10 paid, and an equal amount of new capital, arising out of the subscriptions of September and October. It would appear that, of the issue of September, only about 1,360 shares were actually registered, and less than 2,000 of that in October. This left a balance unsubscribed of close on 9,000 shares, and the directors were authorized to sell these "to pay the company's debts." Only a portion of these had been disposed of; and it is possibly to this circumstance that the interesting phenomenon of this corporation, owning £63,235[2] of its own paid up capital, is to be attributed.

The difficulty experienced in the selling of the shares on behalf of the company need occasion no surprise in view of the prevailing distrust, the large liability and the relapse in quotations. By November 17th the price had fallen to 9 both for these and those of the London Assurance. The great reduction, as compared with quotations during the height of the boom, is to be ascribed partly to general influences connected with the collapse of the speculative movement, partly to causes peculiar to the finances of the two insurance corporations. Both had been brought into such a position that they were unable to pay the second instalment of the sum due to the State (which amounted to £50,000 in each case) at the date limited by the charters (September 22nd). Had it not been for losses sustained by speculation or in the general breaking down of credit, the corporations should have had sufficient funds available to pay not only the £100,000, receivable from each in July but also the £50,000 similarly due in September. The Royal Exchange had received at least £130,000 from calls that were actually paid, to which are to be added the possible premiums on the May issue of shares, as well as any sums obtained from proprietors who forfeited their holdings. The London Assurance by September had called up £196,048. 15*s.*[3]; but, just at this period, it met with a serious misfortune in the loss of twelve Jamaica ships, which it had insured[4]. Neither company was able to pay the instalments of £50,000 each, due in September and November 1720. Both, as companions in misfortune, deposited £11,000 at the Exchequer in October; and, in the case of the Royal Exchange, the payment made by it was only obtained by the

[1] Relton, *Fire Insurance*, p. 157.

[2] *The Royal Exchange Assurance Magazine*, I. p. 119.

[3] *Vide infra*, Summary of Capital, B, p. 411.

[4] *The Universal Dictionary of Trade and Commerce*, by Malachy Postlethwaite, London, 1774—Article, Actions.

sale of stock, a power of attorney having been sealed on the 5th for the transfer of £1,500 India stock which realized about £4,000[1].

Though it was said that towards the end of the year the companies "scarce subsisted but in the complaints the proprietors made of being cheated by the directors[2]," in reality vigorous steps were being taken towards the revival of their fortunes. In this development it appears that the lead was assumed by the Royal Exchange Assurance, which determined to add to its profits by underwriting fire-risks. It found the nucleus of a connection in the Sadlers' Hall Insurance company, which had been formed in February 1720[3], but which had failed to obtain legal authorization. This undertaking had called up 5*s.* per cent. in February and £4. 15*s.* per cent. in June[4], making £5 in all. Much of this capital was lost in speculations in South Sea stock; so that, on the whole, the proprietors were willing to sell the goodwill of their business. Accordingly, it was agreed on November 11th that the undertaking should be sold to the Royal Exchange Assurance, on the basis of the transfer of two shares in the latter (with £20 paid on the two), as against £1,000 nominal in the former (with £50 paid in)[5]. The London Assurance also started fire-insurance, and succeeded in issuing 1897 shares at the then par of £10 per share, obtaining thereby £18,970[6]. With the aid of the funds secured from this new development, it became possible to negotiate with a view to obtaining immunity from the claim by the State for the whole of the balance of the £300,000, originally offered by each company. Both had made a further small payment of £250 on March 22nd, 1721. Thus at this date the two corporations had paid exactly equal amounts, namely £111,250, leaving £188,750 outstanding. When the charters authorizing them to transact fire-insurance were signed on April 29th, 1721, it was made a condition of the validity, both of these instruments and those of the previous June, that the whole of this balance should be paid[7]; but, by subsequent application to Parliament, the companies were freed from £150,000 of the debt due by each, leaving only £38,750 still to be found.

The difficulties of the year 1720 and the starting of fire-insurance left traces on the capital accounts of both corporations. The London Assurance in 1722 found it necessary to call up £3 per share making all

[1] Court Book, East India company, XLIX. f. 131.

[2] Postlethwaite, *Dictionary of Trade and Commerce, ut supra.*

[3] *Vide infra,* Division XIII., No. 24, p. 446.

[4] *Post-boy,* June 11 to 14, 1720.

[5] Walford, *Insurance Cyclopædia,* III. p. 474.

[6] *Vide infra,* Summary of Capital, B, p. 411.

[7] *Charters* (*Royal Exchange*), pp. 81–90; (*London*), pp. 57–61.

the shares, both marine and fire, £13 paid. Since there were 23,762 shares issued, the paid up capital before this call was £237,968. 15*s.* and immediately afterwards it was £309,173. 15*s.* Three years later 12,000 shares were issued at par (£13) and in 1738 10*s.* per share was returned to the proprietors. Allowing for one or two minor operations, by February 1750 the capital consisted of £448,275 in 35,862 shares of £12. 10*s.* paid[1].

The Royal Exchange Assurance issued 3,612 shares, regarded as having £10 paid, in satisfaction of the purchase-price of the Sadlers' Hall undertaking. To provide further capital between 1722 and 1724 8,566$\frac{2}{5}$ shares were issued, and in the latter year the paid up capital was converted into stock. In 1725 there was created £5 of stock making the total at that date £364,189; but, in the same year, an adjustment was effected, in connection with the purchase of the Sadlers' Hall business, which reduced the capital to £358,329[2].

[1] For the details *vide* Summary of Capital, B, p. 411. It is these figures that Anderson appears to have had in his mind when he states that in the summer of 1720 the capital of this company consisted of 36,000 shares of £12. 10*s.* each—*Annals of Commerce*, III. p. 343.

[2] *Vide infra*, Summary of Capital, A, p. 410.

Summary of the Capital of the Royal Exchange and of the London Assurance.

A. *The Royal Exchange Assurance*[1].

Date		Nominal Capital	On which paid in
1719	The original form of the capital (as that of the Mines Royal, Mineral and Battery Works) was in stock	£ 1,152,000	£ 115,200
1720, May 18	Issue of £60,000 stock on which 10 per cent. was paid	60,000	6,000
	Total	1,212,000	121,200
1720, October	Written off the nominal capital	606,000	
	Balance	606,000	
	The £606,000 nominal capital was now divided into 12,120 shares of £50 each, on each of which £10 was paid.		
1720, Sept. to 1721, Sept.	Issue of £606,000 in 12,120 shares of £50, on which £10 per share was called up ...	606,000	121,200
	Total	1,212,000	242,400
1721	Issue of 3,612 shares credited with £10 paid		36,120
1721—1724	,, 8,566⅖ shares, £10 paid		85,664
1724, March	The paid up capital was now converted into stock.		
1725, March	Issue of £5 stock		5
	Total		364,189
	Deduct £5,860 stock, written off		5,860
	Total		358,329
1725—1726	Issue of £150,000 stock		150,000
	Total		508,329

[1] This summary is founded on an article in *The Royal Exchange Insurance Magazine,* I. pp. 118, 119. The figures were collected immediately after the destruction of the early documents of the corporation in the fire of 1838, though not printed until 1904.

B. *The London Assurance*[1].

Date		Number of shares	On which paid in		
			£	s.	d.
	Marine undertaking.				
Before 1720, Sept.	19,740 shares taken up and £5 per share called up.				
	On 170 shares only part of the calls were paid—these shares being forfeited		348	15	0
	On 19,570 shares a call of £5 per share, paid in full, realizing	19,570	97,850	0	0
Sept. 14	Call of £5 per share, paid in full, realizing...		97,850	0	0
Dec.	282 shares offered for subscription at £10, of which were taken up	212	2,120	0	0
1722, March 6	Call of £3 per share on 19,782 shares, realizing		59,346	0	0
1725, June 9	12,000 shares issued at £13 per share ...	12,000	156,000	0	0
June 1728 to 1730	100 ,, bought in and paid up at £8 per share	100	800	0	0
	Total calls of £13 0 0	31,882	414,314	15	0
1738, March 21	Repayment of 0 10 0 per share		15,941	0	0
	£12 10 0 ,, paid up ...		398,373	15	0
1750, February	The capital account was credited with the deficiency of £5 per share on 100 shares, issued from 1728–30 at £8 ... ... £500 0 0				
	Less calls received on 170 shares issued in 1720 ... ... 348 15 0		151	5	0
	Total 31,882 shares, £12. 10*s.* paid ...		398,525	0	0
	Fire undertaking.				
1720, Oct. 20	Issued 1,897 shares at £10 per share ...	1,897	18,970	0	0
1721, May 18	,, 2,083 ,, ,, ...	2,083	20,830	0	0
1722, March 6	Call of £3 on 3,953 shares		11,859	0	0
	Total shares with £13 0 0 called up ...	3,980	51,659	0	0
1738, March 21	Repayment of 0 10 0 per share on 3,980 shares...		1,990	0	0
	£12 10 0 paid per share		49,669	0	0
1750, February	The capital account was credited with £3 per share which had not been paid on 27 shares...		81	0	0
	Total Fire Undertaking	3,980	49,750	0	0
	,, Marine ,, ...	31,882	398,525	0	0
	,, Fire and Marine Undertakings ...	35,862	448,275	0	0

[1] I am much indebted to Mr C. A. Denton, the secretary of the corporation, for this full account of its early financial history.

DIVISION XII.

CASES OF COMPANIES THAT USED THE SAME CHARTER OR GRANT FOR CARRYING ON DIFFERENT AND SUCCESSIVE UNDERTAKINGS.

SECTION I. CAPTAIN POYNTZ AND COMPANY FOR PLANTING THE ISLAND OF TOBAGO (1683).

This scheme, in its original form, has claims to be ranked amongst the colonizing companies; but, since it embodies almost all the speculative ideas that were popular in the last quarter of the seventeenth century, such as the establishing of a land bank, treasure seeking and the working of minerals, it may be best dealt with under the present heading. The grant, on which the project was based, had an interesting history. Originally, after the island of Tobago had been taken by Sir T. Warner in 1626, it was included in a grant to James, Earl of Carlisle[1]. No settlement having been made by Carlisle on Tobago, the Duke of Courland attempted to plant it during the Interregnum. After the Restoration Charles II. made a fresh grant in favour of the Duke. The Dutch held the island, till it was retaken by the English in 1672. After the peace between Holland and England, the Dutch again attempted to colonize it, but they were driven out by the French in 1676. The Duke of Courland then revived his pretensions, and on September 20th, 1681, he granted the island upon certain conditions to Captain John Poyntz[2].

Poyntz made some preliminary enquiries, and by 1683 he took steps to float a company to develope the property. Tobago was estimated to contain 120,000 acres, of which 40,000 were to become a part of the division to the shareholders. An interest in the patent for the searching

[1] The chief use made by Carlisle of his grant was, in 1628, to authorize the plantation scheme of a syndicate of nine London merchants who were entitled to settle 10,000 acres. At one period this venture is said to have "promised great advantage to the promoters of it"—*History Civil and Commercial of the British Colonies in the West Indies*, 1793, I. p. 333.

[2] State Papers, Colonial Entry Book, VII. pp. 384–6; *The Present Prospect of the Famous and Fertile Island of Tobago, with a Description of the Situation, Growth, Fertility and Manufacture of the said Island. To which is added Proposals for the Encouragement of all those that are minded to settle there*, by Captain John Poyntz, London, 1683 [Brit. Mus. 1061 . g . 29].

for wrecks was also promised them. The most original aspect of the promotion was the part assigned to the foundation of a land bank for Tobago, which Poyntz claimed to have invented. A registry of lands was to be set up in which all titles must be recorded. The settlers were to lodge these, or their goods, with the bank, against which they were promised a "credit" in its books at 2½ per cent. interest. The bank not only undertook to warehouse produce, but also to ship it to England, Barbadoes, Brazil, Surinam or even to Guinea. The same institution was to provide fortifications, charging 1*s*. per ton, as harbour dues, on all ships touching at the island.

The assets to be acquired by the company were first 40,000 acres of land, two-thirds of the profits of the bank of credit and two-thirds of the benefit of a patent "for taking up wrecks out of the sea and fishing for pearl and ambergris." The capital was to consist of £60,000, divisible into 5,000 shares or "proportions" of £12 each. Thus the subscriber would obtain 8 acres, as part of the division on every share he took up. Calls were payable as to 5 per cent. on August 10th, 1683, 5 per cent. on September 10th, 10 per cent. on October 10th, and thereafter 20 per cent. in each of the four following months. Poyntz reserved to himself one-half of all money subscribed in payment for the land, grants, and inventions he transferred to the company, the other half remained available as working capital. He confidently promised that there was a great likelihood of all shareholders receiving 100 per cent. dividends every year after the first[1].

Poyntz began to push the promotion of his company vigorously; and, besides printing an "*Advertisement*" of his proposals, he hit upon the ingenious device of inducing printers to bind up a summary of these in books offered for sale about March 1683[2]. There can be little doubt that some of the shares were taken up, since "Captain Poyntz and company" were shipping settlers in December 1683[3]. The authorities were not satisfied as to the nature of the enterprize, and the ship was detained[4]. In 1686 the Attorney-General pronounced that Courland's grant was void in law, while that to Poyntz from him was contrary to the spirit of the original concession[5]. The final check to the embryo-colony came when Courland repudiated, not only the agreement with Poyntz, but also the agent who had made it[6].

[1] *Advertisement and Proposals offered by Captain John Poyntz* [1683].

[2] An instance of this will be found in the copy of *Salt and Fishing,* by John Collins, in the British Museum. Collins' book is dated 1682, which is to be understood as 168⅔ as, from internal evidence, it cannot have been printed before March 1683.

[3] State Papers, Colonial Entry Book, VII. p. 220.

[4] *Ibid.*, Colonial, LII. 96.

[5] *Ibid.*, Colonial Entry Book, VII. p. 346.

[6] *Ibid.*, Colonial, LX. 20.

After such uncompromising hostility, both from the home and foreign governments, Poyntz's schemes were not prosecuted during the next five or six years. In 1694 they were again revived, chief stress being now laid on the prospects of obtaining pearls and antimony[1]. In the following year the two tracts, that had been printed in 1683, were re-issued. On this occasion, expeditions were actually despatched towards the island, one of which was reported from Barbadoes in 1698[2]. By 1702, in a petition from Poyntz and his partners, it was stated that altogether eleven expeditions had been made to Tobago. There is no longer any mention of a settlement having been attempted, but great weight is laid on the richness of the mines of *lapis lazuli*, that had been discovered, as well as the value of pearl and ambergris which could be obtained. The riches obtainable were estimated at several hundred thousand pounds. The partners pointed out the need of a charter of incorporation to enable them to raise more capital, and they offered a royalty of one-quarter of the value of all the minerals, pearls, or ambergris they secured, if the Crown would grant a charter[3]. After 1702 a few more expeditions may have been made, but no record remains that the hopes of the founder of the enterprize had been realized.

[1] *Angliæ Tutamen*, pp. 8, 21, 32.

[2] State Papers, Board of Trade (Barbadoes), XLIV. p. 233; Board of Trade Journal, XI. p. 305.

[3] *Ibid.*, Petition Entry Book, V. pp. 6, 7.

SECTION II. THE GOVERNOR AND COMPANY OF UNDERTAKERS FOR RAISING THE THAMES WATER IN YORK BUILDINGS.

A. The Water Supply Company (1665–1719).

During the seventeenth century many attempts were made to improve the water supply of London, by means of pumping-engines on the banks of the Thames. Some of these enterprizes, either through defects in the engine employed or the position being unfavourable, were short-lived, while others became more permanent[1]. Amongst the latter was an engine, which was supposed to raise water by perpetual motion, invented by Ralph Wayne and Francis Williamson, early in the reign of Charles II. On May 6th, 1665, a patent was granted to Wayne and Williamson, enabling them to convey water to the inhabitants of Piccadilly, St James' Fields, Haymarket and the neighbourhood, both from springs and from the Thames[2]. Whether the undertaking was actually started at this date does not appear, and the patentees are next heard of in connection with the sale of York House as building ground in 1672. This estate was situated "on the south side of the Strand, immediately to the east of what is now the site of the Charing Cross railway station," and the more important structures erected were known as the York Buildings, which became later the chief auction and concert rooms in London during the reign of William III. Ralph Wayne, who was now associated with Ralph Bucknall, obtained a site in York Buildings and erected a pumping station, which was described as an edifice with a high wooden tower, situated at the foot of Buckingham Street[3]. By a patent dated May 7th, 1675, powers, similar to those of

[1] For an account of the chief of these inventions *vide supra,* II. pp. 479, 480, III. pp. 3, 11, 18, 19, 33.

[2] *The York Buildings Company,* by David Murray, Glasgow, 1883, p. 4. This work gives a very full and accurate account of the company. It is based on an exhaustive study of the MS. pleadings in the many law cases in which the company became involved.

[3] *Notes and Queries,* 2nd Series, XI. p. 291, quoted by Murray, *York Buildings Company,* p. 4.

the previous grant, were conferred on the proprietors, and the developing of the supply was taken in hand. The water from the Thames was admitted by sluices into canals; and, from the canals, it was pumped up into cisterns on high ground, whence it flowed to consumers' houses by two seven-inch elm-wood pipes[1]. These operations required capital; and, eventually, the property was divided into twelve shares, the original patentees selling some of them to provide funds when needed.

There is no record as to the progress of the concern from 1675 to 1690. In the latter year the company suffered from the invariable misfortune of the early water companies, namely the destruction of a part of its property by fire. Efforts were at once made to repair the damage, but further capital was necessary, with the result that the business was now divided into 48 shares of £100 each, making the nominal capital £4,800[2]. As a consequence of the increasing of the capital, it was decided to promote a private bill, which was passed in 1691.

This act was similar to that granted in the same session to the Shadwell company[3], and both are of interest as the first parliamentary powers granted directly to a company for supplying water. Other contemporary undertakings were either unauthorized, or (as in the cases of the New River and Hampstead Aqueducts) parliamentary powers, granted to the City, were transferred to the companies, or again (as in the case of the London Bridge water-work) the City had licensed the enterprize, which transacted business without a charter or act of Parliament. The powers, conveyed by the act of 1691, confirm generally the previous charters, and prescribe in explicit terms the internal government of the company which is now expressly incorporated as *the Governor and Company of Undertakers for raising the Thames Water in York Buildings*, with the usual corporate privileges, including the right to purchase lands and hereditaments. It was usual in charters and acts of this period to limit this right of purchasing lands, but there is no such restriction in the present case—an omission which had an important bearing on the future of the company. The date for the annual meeting was fixed for September 29th or one of the three following days, when one governor and six assistants were to be chosen. Not only was the company aristocratic in including a Sergeant-at-Law and a knight amongst its numbers, but in a more curious way since, at the time of obtaining the act, it appears that the number of the governing body

[1] Murray, *York Buildings Company*, p. 5.

[2] *Hydraulia*, by William Matthews, London, 1835, p. 33; *Special Report from the Committee appointed to Enquire into and examine the several subscriptions for Fisheries, Insurances, Annuities for Lives, &c.*, 1720, p. 71.

[3] *Vide supra*, p. 32.

and of the total shareholders was the same, namely seven, so there was no "commonalty[1]."

With so small a body of shareholders, it was scarcely to be expected that the company was likely to suffer from the evils of "stock-jobbing," which, according to the author of *Angliæ Tutamen*, brought so many of the enterprizes started from 1692 to 1694 to grief[2]. But while this danger was avoided—at least for the time—there was another, incident to a period of activity, from which the undertaking suffered serious damage, namely the excessive competition of other companies. Prior to 1690, there had been the New River and London Bridge companies[3]; and, amongst the many schemes in the years 1692 and 1693, there were several proposals for an increased water supply. The numerous inventions of pumping-engines meant an intermittent competition, limited only by the necessity of raising sufficient capital for the laying of pipes. In 1692 the Hampstead Aqueducts were transferred to a company[4]; which, as pipes were laid down, began to enter the district of the York Buildings company from the north-west. Still more serious was the competition arising out of the linking together of a number of the old water-courses by Richard Soames, under the title of the City Conduits[5]. As early as 1695 the latter undertaking advertized that it was prepared to supply consumers in a large number of places where mains had already been laid, amongst others mentioned there being several streets which lay within the area of the York Buildings company, such as Bond Street, Charing Cross, Piccadilly and the Strand[6]. Such competition must have been intensified when Soames had effected the purchase of the London Bridge works, for this company was then in a position to compete with the York Buildings undertaking either from the west (by the conduit waters from Paddington) or from the east (by Thames water pumped from London Bridge). Thus, while the York Buildings company seems to have made some profit, the continuous contraction of its area of supply rendered the proprietors ready to dispose of the business; and, in March 1719 the waterworks were advertized for sale. According to the description published, these "were very fit for carrying on the service, and pipes in the streets were laid on to several tenants, whose rents now amount to above £1,600 per annum, and with care and diligence may be improved considerably[7]." Probably this possi-

[1] *Reports Hist. MSS. Com.*, XIV., Part 6, p. 33; *Journals of the House of Commons*, X. p. 679. *Extracts from two Acts of Parliament relating to the Gov. and Co. of Undertakers for raising the Thames Water in York Buildings* [1720]. Brit. Mus. 357.b.3.(58).

[2] pp. 26, 27.

[3] *Vide supra*, pp. 12, 25.

[4] *Ibid.*, p. 5.

[5] *Ibid.*, pp. 13, 14.

[6] Houghton, *Collections*, No. 133, Feb. 15, 1695.

[7] Murray, *York Buildings Company*, p. 19; Walford, *Insurance Cyclopædia*, I. p. 117.

bility would not have tempted purchasers, and the undertaking would have languished and gradually fallen into disrepair had it not happened that far-sighted men, who foresaw the coming speculative activity, were engaged in endeavouring to secure charters of incorporation to give a corporate existence to their schemes. Amongst these was Case Billingsley, who had already aided in acquiring the patents of the Mines Royal and Mineral and Battery Works for the insurance company, known later as the Royal Exchange Assurance[1]. Following the example of the Sword Blade company, he had a scheme for the acquisition of forfeited estates and for following out a system of land and mineral development in Scotland, similar to that projected by the Sword Blade company in Ireland[2]. As the capital required would be considerable, it seemed desirable to secure a charter; and, quite apart from the feeling against grants of incorporation at that date, the evidence given at the Committee of Inquiry in 1719 showed that it was often cheaper to purchase an existing charter than to take part in the irregular and illegal bidding for charters at the auctions conducted by the Attorney-General[3]. Therefore, what Billingsley was really anxious to purchase was the act of Parliament, incorporating the company, and for this he paid the former proprietors £7,000, including the discharging of the debts incurred, amounting to £1,845, so that the shareholders actually received £5,155 in exchange for their stock in the company. Provided the original capital of £4,800 had not been increased and had been fully paid up, this would give between £107 and £110 for the original stock[4]. With the transfer of the property to Billingsley, the history of the original company ends, and that of its successor was dominated by different aims and methods, amongst which the water supply undertaking occupied a very subordinate position.

[1] *Vide supra*, p. 397. [2] *Vide infra*, Division XII., Section 3.

[3] *Journals of the House of Commons*, XIX. p. 305.

[4] *Special Report from the Committee appointed to examine the several subscriptions for Fisheries, &c.*, pp. 70, 71. £7,000 is mentioned in round numbers as the price of the concern. Probably the exact amount was £7,125, since Sir W. Thompson received £440 for 4 shares, and payment of his proportion of the debt of the company amounting to £153. 15*s*. As he held one-twelfth of the whole capital, this would give—

Total debt paid by Billingsley	£1,845
Remainder paid stockholders	5,280
	£7,125

This price would give just 4½ years purchase on the advertized receipts.

B. The Land Development Undertaking (1719).

The whole scheme for the purchase of forfeited estates in Scotland was typical both of the relation of the State to capital at the beginning of the eighteenth century and of the ideas of the South Sea period of finance, in fact the York Buildings company, as reorganized, was a most interesting survival of all the errors of the year 1720, and its history is the natural counterpart of the picture given by Charles Lamb of the South Sea House, except that the latter represents the gradual flickering out of the Bubble period, while the York Buildings company carried on the same methods in the midst of scenes of action, and finally came to an end in a maze of legal pleadings.

That this result was inevitable might at first sight be attributed to the inception of the new undertaking on the eve of the boom inaugurated by the South Sea company, but the cause lay deeper, namely in the relation of the State to capital and also in certain circumstances, arising out of the Rebellion of 1715. As a punitive measure, the forfeiture of the estates of leading supporters of the Stuarts was deemed advisable; but, when after considerable delay the government had obtained possession, the question arose as to how the lands could be sold. Cromwell had solved a similar difficulty by making the escheated properties the payment of the principal of a State loan, thus making the creditors of the State its partners in the Civil War[1]. In the Rebellion of 1715 no such scheme had been adopted, and there were many obstacles in the way of obtaining any offers for the lands. Scotsmen neither could, nor would they, if they could, have bought to any considerable extent. There was a considerable amount of capital available in England for investment, but Scotland was both remote and disturbed, so that private persons would have been ill-advised to secure properties which would have been unremunerative, owing to the feeling in Scotland against the forfeitures, and still more against the methods of the Commissioners for the sale of the estates[2]. Therefore the only possible purchaser of the lands would be some organization, with strong capital resources, formed for the purpose of developing the properties acquired. Such a purchaser was found in Case Billingsley and those associated with him, who had constituted themselves a corporation by the acquisition of the act of the York Buildings company. The scheme, however, was more far-reaching than a huge land-development company. From 1710 various plans for life-insurance had excited great interest in

[1] *Vide supra,* II. pp. 343–7.

[2] *The Case of the Forfeited Estates in Scotland, Considered in a Letter to a Noble L...d,* London, 1718, pp. 18, 19.

London. Those, which aimed at being of good repute, generally set forth in their advertisements that the proprietors gave security of £500 or £1,000 a year, for the payment of claims, invested in lands or ground-rents. Now the income from the forfeited estates was very much larger, and Billingsley was acute enough to see that such a fund would offer a security, unique at least in amount, for the foundation of a new insurance business of the largest extent.

The plan of operations having been matured, the act of Parliament and the waterworks were duly transferred to the purchasers, and on October 27th, 1719, a general court of the new proprietors was held, at which it was resolved "that this company in order to improve their undertaking of raising Thames water in York Buildings, for the better supplying of the inhabitants of that part of London and Westminster, will forthwith lay open a subscription at Mercers' Hall for raising a joint-stock and fund of £1,200,000 for purchasing forfeited and other estates in Great Britain, by a fund for granting annuities over lives and for assuring lives[1]." It was further provided that shareholders in the undertaking, later incorporated as "the Royal Exchange Assurance" (another of Billingsley's promotions), but which was at this date described as the "Governor, Assistants and Societies of the City of London of and for the Mines Royal, Mineral and Battery Works, and for assuring ships and merchandize," should have preferential allotment[2]. The whole amount offered was immediately subscribed, and later £59,575 was taken up; so that, at the beginning of the eventful year, 1720, the total nominal capital was £1,259,575 on which 10 per cent. had been paid up[3]. From the amount called up, and by borrowing, payment was made of £308,913. 14*s.* 5*d.* for various estates, yielding a nett rental of £15,378. 7*s.* $3\frac{7}{12}$*d.*, so that the average price paid was slightly over 20 years' purchase[4].

At the beginning of the year 1720 many promoters had insurance schemes ready to launch, and such persons saw with dismay that the York Buildings company, with a rental of over £15,000 from its estates and in addition the possible profits of its waterworks, would be able to offer an attractive security to intending insurers. By January 1720 steps had been taken towards effecting insurances, and the company advertized that it was prepared "to grant annuities for lives and to assure lives[5]." Further, it had obliged the government, and already the powers being granted to the South Sea company showed how

[1] Murray, *York Buildings Company*, p. 20.
[2] *Vide supra*, pp. 396–403.
[3] Anderson, *Annals of Commerce*, III. p. 339.
[4] *Reports from Committees of the House of Commons*, I. p. 595.
[5] *Daily Courant*, Jan. 2, 1720.

advantageous this might prove. There was, however, one element of weakness in the otherwise strong position of the company. The act of 1691 was assumed to authorize the purchase of lands to any extent, because contrary to custom no limit was mentioned[1]. But it might be held that this clause in the act should be construed in reference to the context as a whole, and that, since the measure authorized a water supply company, the powers to purchase lands related to the requirements of that undertaking and that undertaking only. Therefore, since by no stretch of imagination could estates in Scotland and Northumberland be conceived necessary for a water company supplying Westminster, the governor and assistants had acted *ultra vires* in making such purchases. This was the view taken by the Attorney-General in a report dated March 10th, 1720, which states "that the corporation, created by the act of Parliament above recited, was so instituted for the particular purposes therein specified: and though the power therein given to purchase lands is not, by express words, restrained to any particular annual value; yet by a reasonable construction, the exercise of that power ought to be governed and limited by the purposes for which the corporation was erected and cannot be understood to give authority to that corporation, supposing it to exist, to purchase lands to what value soever, and for purposes wholly foreign to the ends of that incorporation." The report further characterizes the recent proceedings of the company as "an unwarrantable practice and of a very dangerous tendency and highly in derogation of the Royal Prerogative; there being no ground or colour in law for the said corporation to contract with others for taking in subscriptions for any sum, but much less for so great a sum as £1,000,000, for the carrying on of an undertaking, in the name of the said corporation, so different from the purposes of their incorporation; which subscriptions, if taken in, pursuant to such contract are a misuser of the powers of the said corporation, for which they are liable to prosecution, if your Majesty shall so please[2]." This report had arisen out of a petition presented by certain members of the company for a charter authorizing the new enterprizes, and, probably in view of the unfavourable report of the Attorney-General, the governor repudiated the petition, contending that further powers were unnecessary. It is significant of the state of legal administration of the time that the threatened prosecution never became actual, and there is no mention of the company having acted *ultra vires* during the remainder of its existence.

[1] *Vide supra*, p. 419.

[2] *Special Report from the Committee appointed to inquire into and examine the several subscriptions for Fisheries, &c.*, p. 73; *Journals of the House of Commons*, XIX. pp. 349, 350.

This danger having been avoided, the prospects of the undertaking appeared promising. By the summer of 1720, possession had been obtained of most of the estates. The rental, less administration charges, would have provided 5 per cent. on the purchase price. But this was only the foundation of the profit-earning capacities of the venture. As in the cases of the Bank of England and South Sea company, the original investment became a fund of credit, in which additional and larger profits might be earned in the assurance business. Then it would appear, too, that by developing the properties, some of which contained minerals, large gains might be made, and there remained still the revenue from the waterworks, which were to be extended. In fact, looking at the prospects of the company, not in the light of sad experience, but as coloured by the brightness of the imaginative dreams of 1720, the undertaking embraced all the most favourite channels of investment—land-development, mining, assurance, and water supply. Therefore, in view of these facts or fancies, it was little wonder that, when the shares were dealt in on the Stock Exchange, transactions took place at a very high premium. The first recorded quotation was no less than 89 for the £100 nominal with £10 actually paid up. This was on July 14th, when South Sea stock was at 970, Bank of England at 240 and East India had touched 390. It is worth noticing that the price of York Buildings shares was in some respects anomalous, since South Sea stock had touched its highest point on June 24th, and the fluctuations tended downwards for the next two months, even though the great collapse had not yet taken place. Whereas York Buildings shares rose steadily during the remainder of July, standing at 104 on the 29th, after having been as high as 118 on the 22nd. During the first days of the month of August there must have been some very good news of this company, for while other stocks lost ground, York Buildings shares were quoted at 288 on Friday—August 5th—a rise of 176 per cent. in a week, and a premium of no less than 2,780 per cent. on the paid up capital of a company less than nine months in existence. On the following Monday—August 8th—the price was 290, on the Wednesday 295 and on the Friday and following Monday it was again 290[1]. Rumours of the writ of *scire facias* (which was issued on August 18th) depressed the price to 260 on August 17th, and within a month the shares were selling from 50 to 40. By the middle of October the quotation had fallen to 17, and on Thursday, November 17th, just three months after the issue of the writ, shares were practically unsaleable, the price mentioned being 9. During

[1] These are the prices recorded in *The Daily Courant*. *The London Gazette* and Archibald Hutcheson in his *Computations* give the highest price as 300. Anderson, in his *Annals of Commerce* (III. p. 339), quotes it at 305, *The Bubbler's Mirror* at 300.

December there was some improvement, the first and lowest quotation being 15 and the highest 32. In the early months of the following year the fluctuations were round about 23.

The rapid changes in the price of the stock, after the issue of the writ, were accounted for by certain subsequent events, arising out of the financial condition of the company. The writ of *scire facias* was hanging over it from the middle of August until September 1st, when the Lords Justices recalled the order, upon the promise of the governor and assistants that "they will proceed only in the ancient known and regular methods, agreeably to law and to the intention of their constitution and the encouragement given them by Parliament." They also undertook "to eschew their extravagant way of raising money, and to return to the regular method of making calls on their proprietors[1]." The court carried out the letter, but evaded the spirit of this promise, by first making a call of 23 per cent. on the stockholders, and then giving an option of discharging the call by the transfer of 50 per cent. of the nominal stock, owned by each proprietor, to the company. Practically the whole of the proprietors availed themselves of the option, with the result that £675,000 stock (on which, as already shown, only 10 per cent. was actually called and paid up) was transferred to the company[2]. This arrangement was made on November 26th, 1720, and the governor and assistants endeavoured to sell the stock, with the result that the price, which had fallen rapidly in view of the proposed call, became still further depressed.

In several respects, this company was an unique product of the South Sea period. The vicious system of finance of the disastrous year 1720 in most cases brought its penalty swiftly, but in this case it required a long time to work out the fallacies and dishonesties involved. In fact, such irregularities seem to have become an integral part of the organization, and therefore, in spite of changes of management and the lapse of time, the same errors were repeated with almost unfailing regularity, when opportunity offered. Not only so, but this company seemed unable to profit by the experience of its predecessors, save by selecting for its imitation the worst financial methods and neglecting the best. Therefore its subsequent history, while extending into the nineteenth century, is in fact dominated throughout by the least admirable commercial ideas of the seventeenth and early eighteenth centuries.

Thus at the beginning of the year 1721, the York Buildings company was in a crippled, but by no means hopeless position. It had contracted obligations in the purchase of estates, which were beyond

[1] *Edinburgh Evening Courant,* Sept. 8, 1720.

[2] Murray, *York Buildings Company,* pp. 29, 30.

the capital paid up on its stock. Against these liabilities, it had a nominal capital of £600,000, transferred to the company in satisfaction of the call and available for re-issue, besides the 90 per cent. as yet uncalled on the remaining stock, to meet its liabilities. After the collapse of the South Sea company, while the measures of relief for the sufferers were still undetermined and credit was most severely shaken, it would have been a heroic measure to have enforced a call, and possibly the necessity for a call might have been postponed, since the chief creditor was the government. However the need for calling up more capital does not seem to have been seriously considered, and the first measure taken to meet the company's necessities was the usual resort of an undertaking, that was supposed to be of public utility, in the previous century, namely the raising of capital by means of lotteries. It would be idle to condemn enterprizes such as the Virginia[1] and the Royal Fishery[2] companies for adopting this resource, when the State at a later date sanctioned and availed itself of the same expedient. But there are lotteries and lotteries. Those conducted by the York Buildings company in 1721 were based on the idea of procuring money from the public at no expense, the prizes (like those of the Mine Adventurers' company[3]) being obligations and stock of the company. The first lottery had for prizes, annuities on single lives, secured on the estates of the company. The third and last offered, besides annuities, stock in the company, as an inducement to adventure. Considering that the stock was only partly paid, and that the company was known to be in want of funds, its stock was a species of property that was only suitable to certain classes of investors. So it is not surprising to find that this lottery met with no better success than the others. Possibly the most curious episode in the whole transaction is the fact that, though the company had £600,000 stock in hand, available for issue and subsequently issued, it was deemed advisable to purchase the stock required in the market[4]! So, to induce the public to gamble in a lottery, the company was itself gambling in its own securities. This probably was connected with a reported attempt to depress the price of the stock by a syndicate of brokers; and, following the example of the South Sea company[5], the court determined to support the market. Their rivals proved stronger, and the result was a loss to the company of nearly £3,000. Closely related to the Stock Exchange dealings was the payment of dividends out of capital, and this too when it was known that the company was losing at the rate of £4,000 a year.

[1] *Vide supra*, II. pp. 252, 253.
[2] *Ibid.*, II. p. 373.
[3] *Ibid.*, II. pp. 444–7.
[4] Murray, *York Buildings Company*, p. 31.
[5] *Vide supra*, pp. 317–9.

So far, then, the efforts of the court, to secure fresh capital, had only resulted in loss. In 1723 it was decided to issue the £600,000 stock, which had been accepted in 1720 in lieu of the call of 23 per cent. In other words, the transaction of 1720 was equivalent to the purchase of over £600,000 stock at 23. It was now proposed to issue it at 14, and so to pay nearly 40 per cent. for the placing of the issue. A syndicate agreed to take up £619,800 stock at this price, and to pay up by instalments. But, when £8 had been paid on the new stock, it was found that the old stock could be bought from 6½ to 7. In view of this, the syndicate decided to forfeit the money already paid, and claimed to be released from their contract. Though the company obtained some capital, it was much less than the amount needed, and the withdrawal of the syndicate brought it "to the verge of ruin[1]." Negotiations were next opened with the Charitable Corporation for the Relief of the Industrious Poor[2], but without result.

The next step was one copied from certain not very creditable proceedings of the Royal African company[3]. It would appear that, in spite of the failure of the syndicate to take up the unissued stock, a considerable amount of it had been placed, and in 1724 the nominal stock seems to have been rather over a million. It was now agreed that holders should transfer one-half of their stock, receiving in exchange the company's 4 per cent. bonds. The effect of this device was to make half the share capital a preferred charge on the assets. But there was a further injustice to the creditors, in that, for the purposes of the exchange, the stock was taken at 13 whereas it only realized 8 in the market, so that, not only was there an unjust preference to the stock-holders, but the court actually had the effrontery to magnify their claims by no less than 62¼ per cent.[4] Added to this, it was shown in evidence before Parliament that "the books were kept with great irregularity," and it was stated that, out of an estimated debt of about £250,000, £132,060 had been issued "on pretended loans, by giving bonds for double or treble the sum really lent, and some of them have been issued without any consideration[5]."

Having exhausted for the time all methods of raising capital and of juggling with the stock, the court turned its attention, somewhat late in the day, to developing its various properties. Most of the estates had been leased in large parcels to various persons, who sub-let them to occupying tenants; and so, even had there been capital available, the company had parted with the right of dealing directly

[1] Murray, *York Buildings Company*, p. 33. [2] *Vide supra*, p. 380.

[3] *Vide supra*, II. p. 29.

[4] Murray, *York Buildings Company*, pp. 33, 34.

[5] *Reports from Committees of the House of Commons*, I. pp. 585, 586, 657–9.

with this part of its possessions. There remained, however, the water supply undertaking, and a steam pumping-engine was substituted in 1725 for that previously in use[1]. This proved "chargeable" and was soon removed. Although the mains were extended, it was not long before the bad management or ill-luck of the company affected its business of supplying water, and in 1746 the works were leased at a small rent. The next step was taken in 1727, when arrangements were made, under the management of Aaron Hill, the promoter of the Beech Oil company[2], for the purchase of timber at Abernethy with a view to shipping it to England to provide masts for ships[3]. Since this new development was not authorized by the original patent and act, a royal license was obtained on August 21st, 1728, permitting trading in goods, wares and merchandize, produced in Scotland. This venture proved unprofitable, and the court decided to start iron-works. The outcome was the same; and, by 1732, £6,935. 6*s.* 11½*d.* had been lost; besides, as always happened in the history of this company, the failure to pay notes issued when due. These disappointments were far from damping the optimism of the governor and assistants. One of the estates they had purchased had coal-pits and salt-pans. These were now worked, as well as a glass factory, with the usual result of a loss, which by 1732 was £4,088. 17*s.* 5⅔*d.* Each successive failure seems to have made the company more ambitious, and to have extended the scope of its operations. The Panmure estates in Forfarshire contained copper and lead mines, and these were developed from 1730. Besides, the court believed that the high road to success lay in controlling all the lead mines in Scotland, and those owned by Lord Hopetoun[4], which had been worked successfully for many years, were leased. To these were added other mines, belonging to Sir Alexander Murray of Stanhope in partnership with a number of others, which were leased at a rental of £3,600 a year, subject to a royalty and the repayment of £6,000 expended by the proprietors. The full history of the granting of this lease is a chapter which is little creditable to any of those concerned. It involved dishonesty on the part of agents, wild speculation in York Buildings stock, and illegal advances from the Charitable Corporation for the Relief of the Industrious Poor[5]. The York Buildings company spent some £40,000 on its various mining properties, "but never drew as much lead as would pay the wages of their workmen."

[1] Maitland, *History of London*, p. 1274. [2] *Vide supra*, pp. 115–17.

[3] Cf. *infra*, Division XIII., Nos. 49, 95, 99, 166, 179.

[4] *Vide supra*, II. pp. 410, 411.

[5] The whole complicated chain of events has been related with great clearness by Mr David Murray in his account of *The York Buildings Company*, pp. 70–6. In the same work the very intricate proceedings in the liquidation of the company are explained.

As already shown[1], in 1724 the company was in very serious financial difficulties, and apparently the best it could do was to turn its stockholders into preferred creditors by converting stock into bonds. The question then arises how was it able during the next eight years to find capital to pay dividends intermittently, to carry on a timber business, iron and salt-works, glass-works and mining? The answer, as might have been anticipated, is that the company avoided paying when possible, and when it was pressed it gave bonds. Still, no commercial concern can be carried on by alternately refusing and then promising to pay its debts, and some real capital was required. A part of this was provided by the re-issue of £200,000 of the stock in the possession of the company in 1727 at 10[2]. In this way some of the more pressing liabilities had been met, but the situation became serious, when the interest on bonds amounting to £71,206, issued in 1724, could not be paid in 1727 and proceedings were threatened. The bondholders were appeased until 1731, when actions were actually started against the company. However, the court, though its pecuniary resources were exhausted, had still some devices for staving off the inevitable failure, and it was proposed to create £100,000 5 per cent. bonds, giving an option to holders of the 4 per cent. bonds of 1724 to exchange. In this connection there was another "regrettable incident." The company was so hardly pressed for money that a considerable quantity of the 5 per cent. bonds were disposed of, and therefore a sufficient amount did not remain available to be transferred to holders of the 4 per cent. bonds[3]. There was something of poetic justice in the position of the disappointed holder of the latter stock, since it will be remembered he had exchanged a depreciated ordinary stock, at an inflated price, for a prior charge, to which he was not entitled.

Payments on account of the annuities, created from 1720 onwards, had long been in arrear; and, in view of these facts and the many abuses in the conduct of the company's affairs, a petition was presented to Parliament in 1732 praying for an enquiry. The old court had been turned out, and the company was inclined to support the petition, with a view to staying the actions impending. At the same time, some attempt was made, but by means that had now become a matter of tradition, to secure funds. A call of 3 per cent. had been ordered, and it was promised that all, who paid half the amount by a certain time, should receive £95,000 of the stock held by the company. "The new governor and assistants, being then defaulters, had opposed the call, but when they came into office they adopted it, and ultimately divided the

[1] *Vide supra,* p. 428.

[2] Murray, *York Buildings Company,* p. 63.

[3] *Ibid.,* pp. 79, 80.

stock amongst themselves and those who had paid the call, which was equivalent to [a bonus of] 11¾ per cent.[1]" In 1734 a call of £1 per cent. was made, and a few months later it was decided to grant to those, who had paid both calls, 3 per cent. bonds secured on the waterworks. At the same time, the last great juggling with the stock was attempted. Although the Parliamentary enquiry was in progress, it was resolved to reduce the stock by one-half. Each holder was authorized to transfer 50 per cent. of his holding to the company, receiving in exchange bonds, taking the stock at 10, *i.e.* £1,000 of stock exchanged for £100 in bonds. But the stock was selling from 2¼ to 3, so that the effect of this device, if successful, would have been to exchange an investment, worth £27. 10*s.* in the market, for a bond of a par value of £100. Naturally the creditors were indignant, and a bill was brought forward in the House of Commons for declaring the lately-issued bonds to be void. The court saw that the time for transmuting stock into bonds was past, and the resolution was rescinded[2].

This was the last effort to secure the position of the stockholders at the expense of the creditors, and at length the bankruptcy, that had been so long in view, began. In 1740 an extensive suit was instituted in the Court of Chancery, which was destined to continue, partly in England, partly in Scotland, for over half a century. The company had been contracting debts for twenty years, and it took sixty years to reach the final liquidation.

The Court of Chancery determined how the creditors were to rank, and claims were admitted to the amount of £115,320. 11*s.* 8*d.* An order was made for the realization of the company's property; but, since the jurisdiction of the Court of Chancery was confined to England, this order only specified the Widdrington estate, situated in Northumberland. This property was sold, and the debt allowed by the Court of Chancery was reduced to a principal sum of £40,042. 13*s.* 10*d.*[3] The Chancery claim was only a part of the total debt of the company, and meanwhile there were dilatory proceedings by certain creditors in the Scottish Courts.

It was not till 1756, that some real progress was made. In that year, after repeated meetings of the different classes of creditors, an agreement was made as to the order of claims, which enabled certain estates to be sold[4]. This arrangement was confirmed by act of Parliament in 1763. The sale took place in 1764, with the result that claims amounting to £110,000 for principal and interest were paid[5], and a

[1] Murray, *York Buildings Company,* p. 84.
[2] *Ibid.,* pp. 85, 86.
[3] *Ibid.,* p. 87.
[4] *Ibid.,* p. 91.
[5] *Ibid.,* p. 95.

balance of £13,583. 5*s.* 6*d.* remained towards the payment of the creditors on bond.

The debts still to be met were very large. The sum of £40,042. 13*s.* 6*d.* for principal, and £8,705. 18*s.* 8*d.* for interest, remained owing to the creditors on bond, and at least £5,250 to annuitants. Other debts, on which adjudications had been led, amounted with interest to £360,000. In 1766 an attempt was made to advance the liquidation, by purchasing the whole ordinary stock at 1¼ per cent., or £15,000, and to extinguish the annuities, but the negotiations proved abortive[1].

In 1777 another act was passed to facilitate the sale of the estates, and by 1783 the remaining Scottish properties had been sold, realizing £361,767. 13*s.* $6\frac{1}{12}$*d.*[2] But, although the sale had been finished, it required twenty years to complete the division of the proceeds. First, the company protested against the manner of the sales. Then there were various intricate legal questions to be decided, as to whether certain doubtful claims were to be allowed to rank in the final distribution of the funds available. Some of the bonds, issued in 1724, had since been dormant, others had been pledged; and, as the price of a £100 bond had been as low as 5*s.*, there had been very many changes of ownership. Both the bonds of 1724 and those that had been pledged were allowed to rank for the full amounts. In 1786 an agreement was made between the company and about one hundred representative creditors, with the result that a large number of claims were satisfied. In 1790 Robert Mackintosh, who was then governor and who had framed the scheme of arrangement, withdrew his support, and matters remained as before in respect to the remaining creditors. Litigation began again, and continued till 1792, when a new agreement was made, under which the company was to receive £10,000 out of its Scottish properties, certain investments in government stock and to retain possession of the waterworks. The balance of the proceeds of the land-sales, amounting at this date to £210,000, was to be handed over to the creditors. The latter, by an instrument known as "the Restrictive Agreement," decided on the mode of division of the money available amongst themselves, and this was finally confirmed in 1802 by a scheme of division authorized by the Court[3].

The company now divided the funds, rendered available by the agreement of 1792, amongst the stockholders and remained in possession of its original property in the waterworks. This undertaking for over half a century had been let on lease, and finally in 1818, on consideration of an annuity of £250. 18*s.* 6*d.* and certain other payments, guaranteed

[1] Murray, *York Buildings Company*, pp. 95–7. [2] *Ibid.*, p. 102.
[3] *Ibid.*, pp. 106–10.

by the New River company, the whole water supplying business was devised for 2,000 years from September 15th, 1818, at a peppercorn rent, and in 1829 the York Buildings company was dissolved by act of Parliament[1].

Thus after a corporate existence of nearly 140 years, during the course of which the company had tried its hand at most of the then known kinds of speculative enterprize, it came to an end having not only paid its creditors—many of whom were stockholders or the representatives of stockholders—but being in a position to distribute something to the owners of its ordinary stock. Quite apart from the diversity of the enterprizes of the company, its history furnishes a very rare example of affording data for a calculation of the losses due to ill-advised speculation. In making such an investigation, it may be premised that the ultimate fate of any given £100 nominal is somewhat obscure. Obviously the final dividend from the arrangement of 1792 can have been very small indeed, and the capitalized value of the annuity guaranteed by the New River company, if distributed over the large stock, would have added but little. It is to be remembered, however, that from time to time portions of the stock had been converted into bonds, which were credited as paid in full; still, this conversion, while effected at a price in excess of that in the market, was less than the amount actually paid up. So that, even taking into account the benefit of such conversions, it will be apparent that the stockholders, besides receiving little interest on their investment, obtained as a result of the liquidation considerably less than their predecessors had paid up at the formation of the company in 1719 and had added later in response to the calls.

If, on the other hand, the undertaking had been prudently financed, and speculation had been avoided, the venture would have yielded a handsome profit. The industry of Mr David Murray enables exact figures to be given both of the prices at which the estates were purchased and at which they were sold. The total amount of the purchases amounted to £308,913. 14*s.* 5*d.* This sum, however, was subject to certain deductions, since a small estate, belonging to "Rob Roy," for which £820 was paid, was either re-transferred to the original owner or sold before 1740. There were other deductions of £43,902. 0*s.* $6\frac{1}{3}$*d.*, so that the price, actually bid to the Commissioners, was diminished by £44,722. 0*s.* $6\frac{1}{3}$*d.*, leaving a nett purchase price of £264,191. 13*s.* $10\frac{2}{3}$*d.* Since the company was formed at the end of 1719, there would have been little difficulty in obtaining this sum and the £7,000 required to complete the purchase of the waterworks. The same properties sold for £479,951. 6*s.* $0\frac{1}{12}$*d.*, thus giving a profit of

[1] Murray, *York Buildings Company*, p. 111; *vide supra*, p. 29.

£215,759. 12*s.* $1\frac{5}{12}$*d.*, or over 80 per cent.[1] The guarantee of the New River company, if capitalized at 28 years' purchase, would be equivalent to the original price paid for the waterworks, so that this part of the company's assets may have been taken as having neither made nor lost.

When it is considered that the attention of the court was diverted from the administration of its landed property by the need for giving some attention to the many speculations in which the company became involved, that during the greater part of its existence it was unable through want of capital to develope the estates, and that finally these estates were sold at a disadvantage—the fact that even under all these disadvantages the lands sold for over 80 per cent. more than they cost, shows clearly that, with prudent finance, the undertaking would have earned reasonable dividends, and its property would have increased materially in value. In this respect, the position of the company would have been similar to that of the Irish Society[2], except that the York Buildings company was much more favourably situated. As things turned out, the difference between the price at which the estates were purchased and that at which they had to be sold was absorbed in paying the principal and interest of various speculative losses. The difference, between the probable value of the estates under a cautious but progressive management at the beginning of the nineteenth century and the small sum actually paid to the owners of stock and to the holders of bonds exchanged for stock, represents the penalty paid for a system of finance, sometimes dishonest and always injudicious, conjoined with a disposition to enter into speculations, foreign to the main business of the company.

[1] Murray, *York Buildings Company,* pp. 24, 102.

[2] *Vide supra,* II. pp. 339–42.

SECTION III. THE GOVERNOR AND COMPANY FOR MAKING HOLLOW SWORD BLADES IN THE NORTH OF ENGLAND (1691–1720).

A. THE SWORD BLADE MANUFACTURING COMPANY (1691).

THIS charter was used for three very different undertakings, namely the making of sword blades, a land company and a banking company. The original grant was dated September 15th, 1691, and arose out of a petition presented by Sir Stephen Evans and a number of others, which had been considered on the 1st of September. It set forth that the petitioners had incurred considerable expense during the past two years, in bringing from abroad and maintaining nineteen or twenty families who were skilled in the art of making hollow (*i.e.* grooved) sword blades. The promoters had also built mills and forges in Cumberland and the adjacent counties. In view of these facts and since no hollow sword blades had ever been made in England before, nor could they then be made except by the workmen employed by the petitioners, a grant of incorporation and patent were asked for[1]. A warrant was issued for the incorporation on September 15th of *the Governor and Company for making Hollow Sword Blades in the North of England.* The members were entitled to elect a governor, a deputy-governor and twelve or more assistants, five of whom were to constitute a quorum. Besides the usual corporate privileges, the company was authorized to use a distinguishing mark to differentiate the sword blades, made in England, from those produced abroad. Any members of the company, not paying calls when due, were subject to the loss of the privileges of membership[2].

The company soon had sword blades ready to sell in London, and from 1692 to 1704 sales were advertized from time to time, at Cutlers' Hall, Cloak Lane. In 1693, the court discovered that quantities of foreign

[1] State Papers, Domestic, Petition Entry Book, I. p. 182; *Calendar,* 1691–2, p. 506; Anderson, *Annals of Commerce,* III. p. 121.

[2] State Papers, Domestic, H. O. Warrant Book, VI. pp. 174–7; *Calendar,* 1691–2, pp. 521, 522.

sword blades had been imported, and a reward of 5*s.* per doz. seized was offered to anyone giving information, which would lead to the detection of the importers[1]. In 1703 the company's warehouse was at New Street, Fetter Lane, and its mills at Shotley Bridge, near Newcastle, and at that date one of the last sales of sword blades was held, the company having embarked on a career of speculation in land[2].

B. THE LAND COMPANY (? 1702).

Anderson stated that the original manufacturing company "did not succeed as was expected[3]," but it is recorded that, as late as 1703, a dividend of 4 per cent. was paid[4]. It is somewhat doubtful, too, whether he is correct in saying that the original proprietors "sold or assigned their patent to another company of merchants in London." Anderson seems to have been misled by the inclusion of "the making of sword-blades" amongst the projects mentioned as failures by the author of *Angliæ Tutamen*[5]. But the "person of honour" who wrote this treatise was inclined to be pessimistic; and, whether the Sword Blade company was successful or not, it managed to keep its works open. It is possible that in the first years of the eighteenth century the old company may have sold its patent and works to the new one, and that the latter carried on the original business, as well as their dealings in land, just as the York Buildings company after 1719 carried on the waterworks[6]. However this may have been, the company after 1702 entered on a new era in its history. There had been a considerable amount of discussion, both in Parliament and in various publications, as to the policy of dealing with forfeited estates in Ireland. At first these had been disposed of by grants from the Crown, but it was contended such grants should be "resumed" and the lands sold for the benefit of the public, in order to reduce the debt occasioned by the military operations in Ireland after the Revolution[7]. At length on July 16th, 2702, it was announced that the forfeited lands would be

[1] *London Gazette,* No. 2913.

[2] *Ibid.,* No. 3972.

[3] *Annals of Commerce,* III. p. 121.

[4] *London Gazette,* No. 3958.

[5] p. 21.

[6] *Vide supra,* pp. 423, 432.

[7] *A Discourse upon Grants and Resumptions,* by the author of the Essay on Ways and Means [C. Davenant], 1700, pp. 387–448; *The Exorbitant Grants of William III. Examined and Questioned,* London, 1703, *passim*; *The Secret History of the Trust; with some Reflections upon the Letter from a Soldier. In a familiar Discourse between J. Truncheon, Esq., and Mr Inquisitive,* London, 1702, pp. 15–23; *An Argument proving that it is more to the Interest of the Government and the Nation of England that the forfeited Estates in Ireland be purchased by an Incorporated Company than by single Purchasers* [by J. H.], London, 1701 [Brit. Mus. 8225 . c . 44].

sold on October 20th and following days[1]. The company, that then owned the Sword Blade charter, decided to come forward as a purchaser. As the amount required would be large, the question naturally suggests itself as to how the court proposed to raise the capital required. The method adopted was that of the Bank of England, the Million bank and a number of other undertakings of the period. The great want of the time was actual cash; and, since the government would accept payment in its own obligations, it was decided that the company should invite persons, holding Army Debentures, to subscribe these, receiving the company's stock in exchange, while the Debentures were returned to the State, in payment of the purchase-price of the estates. By June 25th, 1703, £150,000 of Debentures had been subscribed, and a fresh subscription was taken[2]. In all, estates, returning £20,000 a year, were purchased[3], including widely scattered lands with a very extensive acreage[4].

The inducement for persons, holding Army Debentures, to exchange them for Sword Blade stock was that they replaced a government, by a landed security—the latter being generally held more desirable at the beginning of the eighteenth century. Interest on the various government debts was often in arrear, and the rents from the Irish estates ought to have provided an income, at least not more uncertain. From the point of view of the security of capital, the scheme seemed equally promising. The forfeited estates were being disposed of by a forced sale, and it was only to be expected that, with more settled political conditions, the land would increase in value. On the other hand, the Army Debentures were below par, and therefore it would seem to be wise to exchange a depreciated security for one which would be likely to improve in price. Such a calculation was on the whole borne out by the quotations of the two stocks—"Sword Blades" (which soon became known as "Irish Lands") touching $91\frac{3}{4}$ in 1704, whereas the highest price of the Debentures was only 85, on the other hand the former stock fell rather lower than the latter, so that the average price of the year was practically the same—$81\frac{7}{16}$ for Sword Blade stock and $81\frac{1}{2}$ for the unconverted Debentures.

[1] *London Gazette*, No. 3828.
[2] *Daily Courant*, No. 371.

[3] Anderson, *Annals of Commerce*, III. p. 121.

[4] *A List of the Estates in Ireland belonging to the Governor and Company for making Hollow Sword-Blades, with the number of Acres in each, according to the Survey of the late trustees for the sales of forfeitures and also the names of the forfeiting persons.* Dublin, Printed at the Sign of the Cock [1709] [Library Trin. Coll. Dublin, Press A. 7. 11]; *The Report of the Commissioners appointed by Parliament to enquire into the Irish Forfeitures*, 1700; *Jus Regium: or the King's Right to grant Forfeitures*, 1701; *A Letter from a Soldier to the Commons of England*, 1702, in *State Tracts published during the reign of William III.*, III. pp. 704–87.

Difficulties soon began to arise. On February 14th, 1704, the company stated in a petition that other purchasers of forfeited lands had at that date only paid one-third of the price. Some of them were anxious to borrow the money necessary to complete the transaction, and the company was willing to lend it on the security of the estates. But, in case such pledged properties reverted to the company, the court was in doubt whether it was legally entitled to accept conveyances from any other persons than the Trustees for the sale of Forfeited Estates, and it asked a license from the government, enabling it to do so[1]. The English Parliament, being desirous to dispose of the lands, endeavoured to facilitate the transference of them to the company, but the Irish Parliament viewed the whole proceedings with little sympathy. Already many English corporations and individuals had secured land in Ireland —from the establishment of the Irish Pale, the various plantations of Ulster, down to the time of the Cromwellian Settlement. It had frequently been said that the "Anglo-Irish," or the descendants of English immigrants, were opposed to fresh importations of either capital or energy. Therefore, the Irish Parliament placed difficulties in the way of the company, and it was found that a complete title could not be obtained. These facts reacted on the prospects of the undertaking, and the price of the stock began to fall. Throughout the year 1705, the quotation fell steadily, till it was no better than 57 on December 5th, as against 79 for unconverted debentures. In the following year the extreme prices were 72½ and 57¼, in 1707 65¾ and 55.

Meanwhile the loans, made to other purchasers of Irish estates in 1704–5, had suggested a new class of business. Not only was money advanced, but notes were issued and cash received on deposit[2], and it was alleged that this company had aided a run made against the Bank of England[3]. When the bill was drafted for restraining all corporations from banking, with the exception of the Bank of England, this undertaking protested vigorously, urging that the competition of the two companies had resulted in bringing interest lower than it had been since the Revolution[4]. This protest was ineffectual, and the Sword Blade undertaking was debarred from banking, as a corporation, after 1708.

[1] State Papers, Domestic, Petition Entry Book, VI. p. 148.

[2] *Some Reasons against the Clause for Restraining all Corporations but the Bank of England from keeping cash or borrowing money payable at Demand* [1708] [Brit. Mus. $\frac{712.\mathrm{m}.1}{28}$].

[3] *Anatomy of Exchange Alley,* 1719, in *Chronicles of the Stock Exchange,* by John Francis, p. 376.

[4] *Some Reasons, ut supra.*

The company was thus thrown back on its land-development enterprize, and it had purchased estates to the value of £208,867. 5*s.* 10¼*d.*, besides paying off encumbrances amounting to upwards of £60,000[1]. Feeling in Ireland was opposed to the corporation, and suits were started against it in the Irish courts on the question of title. The company contended that the act of the English Parliament guaranteed it a clear title, irrespective of the original deeds, and a further act was passed in its favour[2]; but the Irish House was hostile; and, in 1708, it was known that it would not suffer the company to enjoy the estates, unmolested, whereupon the stock fell to 51. During the next four years the lands were being resold and the company wound up. There was some improvement in the market for the shares, which touched 69 on March 1st, 1710, but fell to 52 in July and August 1711.

A Comparison of the Prices of "Sword Blades" Stock and Army Debentures.

Date of Highest Price	Sword Blades Stock, Highest and Lowest Prices	Date of Lowest Price	Army Debentures, Highest and Lowest Prices
1704, March 13	91¾—72	Nov. 10	85—78½
1705, March 26	83¼—57	Dec. 5	89¼—79
1706, May 29—31	72½—57¼	Jan. 18	91—82½
1707, April 16, August 4	65¾—55	Nov. 19	91—85¾
1708, April 26	59¾—51	March 29	88½—84½
1709, Sept. 8	68½—53	April 21	80½—72
1710, March 1	69—59½	Nov. 15	93½—73½
1711, Jan. 3, March 12	60—52	July 13 to 23, Aug. 30	89—84
1712, March 14 to June 7	60—58	Feb. 15 to 22	

The final cash distribution appears to have worked out at about 59—the price, in 1712, being 58 to 60—while the price of the Debentures about the same time varied between 93½ and 73½, so that the speculation had proved unfortunate for those who subscribed. This result is to be ascribed to the hostility of the Irish Parliament; indeed, one of the grounds on which its action was based (namely that the estates had been purchased at an abnormally low rate) should have made for the success of the company, had it been given a free hand and provided its management had been successful. In the history of

[1] *The Case of the Governor and Company for making Hollow Sword-Blades in England* (Guildhall Library), printed partly in *Fire Insurance Companies*, by F. B. Relton, London, 1893, pp. 127 128.

[2] 6 Anne, c. 34.

the joint-stock movement, the career of this land-enterprize is an interesting companion picture to that of the York Buildings company. In both cases charters were diverted from the original purposes for which they were granted; both bought forfeited estates, the one in Ireland, the other in Scotland and England; both were unsuccessful. Here the parallel ends, for the depreciation in the case of the Irish company was due to the anomalous relation of the English and Irish Parliaments, that of the Scottish company to the speculation in which the court engaged from its foundation till there were no longer funds remaining with which to speculate.

C. The Banking Partnership. Elias Turner, Esquire, and Company, or the Sword Blade Bank (?1712).

Strictly speaking this enterprize, for which the charter was next used, falls outside the limits of the present work, since the final phase of a diversified career relates to a partnership, rather than a company. However, this last stage is so closely related to the fortunes of the South Sea venture that it will be convenient to add some account of the Sword Blade bank. In fact the enterprize carried on from 1704 to 1711 was very closely connected with the South Sea company in many respects, and the latter may be considered from one point of view as the continuation of the former. In both there was the same idea of converting government debt into the stock of a trading company, and it may have happened that some of the securities, released by the sale of the Irish estates, were re-subscribed at the floatation of the South Sea company. It was undoubtedly the experience gained in the earlier undertaking by Elias Turner, Jacob Sawbridge and Sir George Caswall which aided in determining many of the financial methods of the later one. These three were in partnership in stock-exchange transactions, and they were described as "having so many bear-skins pawn'd to them at a time, so much stock deposited with them upon bottomrée, as it might be called, that indeed they may be call'd the city pawnbrokers; and I have been told, that they have fifty stock-jobbers and brokers bound hand and foot and laid in heaps at their doors at a time[1]." The partners were left with the Sword Blade charter,

[1] *Anatomy of Exchange Alley, ut supra*, p. 377. In this passage the early use of the term "bear" is interesting, cf. *Chimera* (1720), p. 18, "the first bite Mr Laws may be said to have put on the country was to give out by way of *premio* ten thousand pistoles or thereabouts at the rate of — per cent. for the refusing of Mississippi or West India stock, now subscribed and full, at 100 livres each action for a year's time: This was what we call *the buying of the bear-skin* and was a dear bear-skin to those that sold it, as we shall hear presently." A "bear" of stocks was described as "a bear-skin man." *Anatomy of Exchange Alley, ut supra*, p. 378.

after the land undertaking was wound up, and they used it to recommence banking of a somewhat speculative character. Two of them (Sawbridge and Caswall) were directors of the South Sea company, and their bank, now known as that of the Sword Blade, became the "cash-keeper" of the former. In *the Anatomy of Exchange Alley* there appeared the following description of this trio. "C[aswall], a man of brass sufficient for much more business than he can be trusted with... he rather is directed than directs, and, like a certain great general, famed for more fire than flegm, is fitter to drive than to lead. S[awbridge] has twice the head but not half the business as C[aswall] is said to have....S[awbridge] is as cunning as C[aswall] is bold, and the reserve of one with the openness of the other makes a compleat Exchange Alley man....T[urner], a gamester of the same board, acts in concert with C[aswall] and S[awbridge] and makes together a true triumvirate of modern thieving: he inherits the face of C[aswall] with the craft of S[awbridge], but seems to take state upon him and acts the reserved part more than either[1]." The citation of these extracts is an exception to the rule, observed elsewhere in this work, of refraining from quoting scurrilous contemporary judgments on individuals; but, in this particular case, the conclusion of the estimate of the partners in the Sword Blade bank, published in 1719, constitutes such a remarkable prophecy of the events of the following year that the foregoing passages are necessary to give point to it. The writer concludes: "The truth is, it has been foretold by cunning men, who often see what can't be hid, that these men by a mass of money, which they command of other peoples as well as of their own, will in time ruin the jobbing trade. But 'twill be only like a general visitation, where all distempers are swallowed up in the plague, like a common calamity, that makes enemies turn friends and drowns lesser grievances in the general deluge[2]."

There can be little doubt that the knowledge of market-manipulation, attributed to the partners, helped to determine the direction of South Sea finance. They were in the inner councils of the directors; and it was by their aid that some of the most secret portions of the scheme of inflation were carried out[3]. It follows that all the most profitable portions of the great conversion were reserved for the Sword Blade bank, and its bonds or notes were issued for the part of the price, fixed for the annuitants, which was to be paid in "cash." On June 25th, 1720, a new partnership was formed by the inclusion of Henry Blunt—a son of Sir John Blunt, one of the leading directors of the South Sea company—and Robinson Knight, a nephew of Robert

[1] *Chronicles of the Stock Exchange*, by John Francis, p. 376.

[2] *Ibid.*, p. 378.

[3] *Vide supra*, pp. 340, 341.

Knight, the secretary[1]. During the height of the boom, the Sword Blade bank commanded immense influence; but, when the fall began, its position was endangered, and on September 24th, it was forced to suspend payment[2]. The complicity of the partners, in many of the most discreditable episodes of the conversion, occupied much of the attention of the Committee of Secrecy, appointed by the House of Commons; and it was discovered, as that enquiry progressed, that many of the books and documents of this bank had been destroyed or tampered with[3]. For this reason those members of the firm, who were also directors of the South Sea company, would have been severely dealt with, were it not that they had given some assistance to the Committee, when enough was found out to make further disclosures inevitable.

[1] *Journals of the House of Commons*, XIX. p. 430.

[2] *Historical Register*, V. p. 378. After the suspension of payment in 1720 business was resumed by John Caswall and John Mount. This firm continued till 1742 when it failed—*A Handbook of London Bankers with some Account of their Predecessors the early Goldsmiths*, by F. G. Hilton Price, London, 1890–1, pp. 27, 28.

[3] *Vide supra*, p. 345; also *the Reports of the Committee of Secrecy* in *Journals of the House of Commons*, XIX. pp. 425–51, 513, 519–22, 524, 555–6, 561–2, 568–78, 593–6.

DIVISION XIII.

LIST, ARRANGED CHRONOLOGICALLY, SHOWING THE NEW SCHEMES OR OLD UNDERTAKINGS REVIVED, FROM SEPTEMBER 1719 TO THE END OF AUGUST 1720.

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
1719				£
? Sept.	1	The Colour Mill company.	Colour Mill House, Southwark.	
Sept. 19	2	The company for improving the Royal Fishery of Great Britain. [First subscription on Sept. 19, 1719. By March 8th the nominal capital was increased to £8,000,000 and by April 1st to £10,000,000.]	Tom's Coffee House or the Naked Boy and Mitre, Garraway's, The Marine.	10,000,000
Oct. 6	3	The company united to encourage the manufacture of Great Britain.	Rainbow Coffee House.	100,000
Oct. 14	4	The Grand Fishery. [The first subscription proposed dividing the capital offered as to £800,000 for England and £200,000 for Scotland. More would have been taken up in Scotland, and accordingly an additional £500,000 was offered.]	Carolina Coffee House.	1,500,000
Oct. 28	5	The land undertaking of the York Buildings company [*vide supra*, p. 423].	Mercers' Hall.	1,200,000
Before Nov. 18	6	Company for the insurance of ships. [Ram's first marine insurance.]	Stephen Ram's office, Lombard Street.	1,200,000
Nov.	7	Company for the insurance of ships. [Colebrook's first marine insurance.]		1,000,000
Nov. 21	8	Company for raising a sufficient sum to purchase estates, as a fund to secure payment of annuities for life and insuring lives.	Garraway's.	
Dec. 22	9	Company for insuring ships and merchandize. [This was an amalgamation of the marine insurance companies, already promoted by Ram and Colebrook. The sums, paid on application, were "permits" to secure allotments in the combined undertaking. This was the basis of the company incorporated in 1720 as "the London assurance," *vide supra*, pp. 399, 400.]	Marine Coffee House.	2,000,000
Dec. 23	10	Company for insuring ships and merchandize. [Promoted by Shales, *vide supra*, p. 401.]	Pewterers' Hall.	1,000,000
Dec. 28	11	A joint-stock to lend to such persons as shall have occasion to borrow money on bottomry.	The Cross Keys and Bible in Cornhill.	1,000,000
Dec. 29	12	A stock for paying annuities and from thence to raise a further sum of £35,000 to be employed in trade.	John's Coffee House in Lombard St.	100,000
Dec.	13	Company for assuring the proprietors of the tickets in the government lotteries.	Mercers' Hall.	120,000

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
1720				£
Jan. 14	14	The British Fishery. [Subscription money was returned by order of the House of Commons, April 26th.]	John's Coffee House.	1,500,000
Jan. 15	15	Company for establishing the British Fishery. [On January 15th £1,500,000 was subscribed and on February 4th an additional £1,500,000.]	Garraway's.	3,000,000
Jan. 19	16	Stock to be employed by way of loan on stocks, annuities, tallies, orders, Navy Bills, Debentures, &c. at legal interest.	Garraway's.	1,200,000
Jan. 28	17	Stock to be employed in government securities.	Mercers' Hall.	1,000,000
Jan. 29	18	The undertaking, for raising the growth of raw silk, under a patent [dated May 23, 1717].	Marine Coffee House.	1,000,000
Feb. 5	19	The annuity company for purchasing government securities, granting annuities for life and lending money to merchants to pay their duties to the Crown. [Baker's Annuities.]	Garraway's.	1,500,000
Feb. 8	20	A Fund for granting annuities, by way of survivorship, and providing for widows and orphans. [Promoted by Burgess.]	Rainbow Coffee House.	1,200,000
Feb. 8	21	The Grand Lessees of the governors, assistants and societies of the City of London of and for the Mines Royal and the Mineral and Battery Works, for purchasing, smelting and refining copper and other ores and for making part thereof into brass. [The charters of the Mines Royal and the Mineral and Battery Works had been purchased by a marine insurance company later incorporated as "the Royal Exchange," *vide supra*, p. 402. This promotion appears to be an attempt to utilize the charters for their original purpose by an independent undertaking.]		
Feb. 11	22	A joint-stock for building and buying ships to let or freight.	Garraway's.	1,200,000
Feb. 15	23	A fund for insuring houses and goods from loss by fire. [Promoted by Overall.]	Sam's Coffee House.	1,000,000
Feb. 16	24	A general insurance of houses and goods from fire throughout England. [Promoted by Ram and known later, from the place of meeting, as *the Sadlers' Hall Insurance*; this undertaking was transferred to the Royal Exchange company, *vide supra*, p. 408.]	Marine Coffee House.	2,000,000

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
Feb. 16	25	Company for insuring houses and goods in any part of England from loss by fire. [Afterwards described as *the British Insurance Fire Office from Fire.*]	Three Tuns Tavern.	2,000,000
Feb. 16	26	Company for settling and carrying on a trade to Germany. [Shareholders in the fund for selling annuities, settling jointures [? company floated February 8th] were to have preferential allotment of £600,000 for the first two days of subscription.]	Rainbow Coffee House.	1,200,000
Feb. 16	27	The Sword Blade Fire Office for insuring houses, household goods, utensils. [So called from its place of meeting at the Sword Blade Coffee House. Subscriptions were returned on February 29th.]	Union Coffee House.	1,000,000
Feb. 17	28	Company for insuring houses and goods from loss by fire in any part of England. [Afterwards described as *the Rose Fire Office.*]	Marine Coffee House.	1,000,000
Feb. 19	29	Company for insuring houses and goods through all parts of Great Britain.	Swan and Rummer.	2,000,000
Feb. 19	30	Company for the immediate and effectual carrying on of the undertaking business, for the furnishing of funerals to any part of Great Britain.	Fleece Tavern House.	1,200,000
Feb. 20	31	Company to buy and sell estates, government securities, public stocks, and to lend money on any real security, or to trade in any way the company shall think fit.	Ship and Castle.	3,000,000
Feb. 20	32	A joint-stock for the immediate, expeditious and cleanly manner of emptying necessary houses throughout England, whereby very great advantages will accrue to the company in general by making large quantities of saltpetre, besides other conveniencies for the benefit of the projectors.	Mercers' Hall.	2,000,000
Feb. 22	33	Company for insuring against losses by house-breakings and robberies on the high-way. [Subscription, announced for 22nd, was postponed till 29th.]	Swan Tavern.	1,000,000
Feb. 22	34	Company to revive the Greenland whale fishery, and for the immediate and effectual carrying on of the said fishery. [The subscription was limited to £1,500,000, which was over-subscribed, and on February 23rd the capital was increased.]	Marine Coffee House.	2,000,000

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
Feb. 22	35	Company for a constant trade for ready money between Great Britain and Ireland and the Kingdoms of Portugal and Spain.	John's Coffee House, Exchange Alley.	1,000,00
Feb. 22	36	Company for insuring ships and merchandize.	Sam's Coffee House.	1,000,000
Feb. 23	37	Company to purchase unredeemable annuities and other securities, for granting annuities on lives at the rate of 4 per cent. for the first year, 5 per cent. for the second, and so on, advancing 1 per cent. every year successively during the lives of the annuitants.	Mercers' Hall.	1,000,000
Feb. 23	38	The Globe Fire Office, for insuring houses, household goods, wares and merchandize from loss by fire.	Ship and Castle.	2,000,000
Feb. 23	39	Company for carrying on a trade to Germany. [A short treatise was to be published, showing the nature of the trade intended.]	Virginia Coffee House.	1,200,000
Feb. 23	40	Company for carrying on a coal trade from Newcastle to London. [It was estimated that the proposed company, by preventing "the prejudicial combination of private coal traders," would save consumers 6 per cent. to 8 per cent. and would make 8 per cent. per annum on the paid up capital.]	Sam's Coffee House.	2,000,000
Feb. 26	41	Company to develope an invention, patented in the reign of Anne, for making salt in all parts of England, far more expeditiously and at less expense than by any other method. The proposed capital was divided into 1,100 shares of 1,000 each, 60 per cent. was to be paid on application, out of which 1*s.* per cent. was payable to reimburse the charges of the patent. No one might apply for more than six shares. [There were several inventions for improvements in the manufacture of salt from 1700 to 1715, in 1708 Samuel Schmettau petitioned for protection of an improved method for boiling salt by coal, on December 11, 1711, G. Campbell of Edinburgh presented a petition also for a patent, and another was asked by Thomas Sliford and John Hodgson on January 20, 1714—State Papers, Domestic, Petition Books, VII. p. 402; XII. p. 188; XIV. p. 30.]	Garraway's Coffee House.	1,100,000

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
Feb. 29	42	A stock for preventing and suppressing thieves and robbers and for insuring all persons' goods from the same, and also from fire and other casualties both by sea and land. [Maximum subscription £20,000, minimum £500.]	Cooper's Coffee House.	2,000,000
March—April	43	Issue of 10,000 new shares by the Royal Lustring company making, with 2,400 old shares, 12,400 shares [*vide supra*, p. 88].	The Company's House in Bell Alley.	1,240,000
April 11	44	Stock for importing rough diamonds.		1,000,000
,, 14	45	Company for improving and carrying on the African Trade.	Lloyd's Coffee House.	1,000,000
,, ,,	46	Company for the more effectual carrying on of the Newfoundland Fishery.	Ship Tavern.	
,, 16	47	"The New Britannia company of merchants and others trading in and for metals, minerals and mineral works, for the discovery of metallic bodies of which gold and silver are the chief, which are well-known to the promoters to abound in New Britannia, but are unknown to the natives there."	Antwerp Tavern.	
,, ,,	48	Joint-stock for remitting money to and from the principal trading places in Great Britain and Ireland and foreign parts and for the assuring of debts. [Preferential allotments to the shareholders in the York Buildings company.]	Salter's Hall.	
,, ,,	49	Co-partnership for the importation of timber from Norway and Germany.	Sam's Coffee House.	1,000,000
,, ,,	50	Company for carrying on the patent, lately granted, for glazing and painting stone to endure the fire.	Nando's Coffee House.	
April 16–19	51	Company for carrying on more effectually a trade to Scotland and Ireland in the linen manufacture.	John's Coffee House.	
April 18	52	Company for the whale, cod, mackerel and herring fishery on the coast of Newfoundland and North Carolina; or the Grand American Fishery.	Ship and Castle Tavern.	1,500,000
,, 19	53	Company for improving and more effectually carrying on the salmon fishery on the coast of Newfoundland.	White Lyon Tavern.	1,000,000
,, ,,	54	Company for the African trade.	Ship and Castle.	1,000,000
,, ,,	55	Company for working iron and copper ores in America.	New England Coffee House.	1,000,000
,, 20	56	Company to provide a sufficient stock for working iron and copper ores in America.	New England Coffee House.	2,000,000

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
April 20	57	Company for erecting Lumber [*i.e.* Lombard] offices in and about the cities of London and Westminster, for lending of money by the month on plate, watches, jewels or any other goods honestly come by, at a moderate rate.	Sam's Coffee House.	1,000,0[illegible]
,, ,,	58	Company to trade to "Argin" (for gum arabic, ambergris, ostrich feathers) and to the Isle of May (for salt).	John's Coffee House.	1,000,0[illegible]
,, ,,	59	"A proposal by several ladies and others to make, print and paint and stain callicoes in England and also fine linnen as fine as any Holland to be made of British flax...they are resolved as one man to admit no man but will themselves subscribe to a joint-stock to carry on the said trade." [Subscribers must be women dressed in calico.]	The China Shop in St Martin's, near St Paul's.	
,, ,,	60	A co-partnership for traffic to and from Portugal.	Virginia Coffee House.	1,000,00[illegible]
,, ,,	61	Company for carrying on a trade to the Bay of Campeachy.	Virginia Coffee House.	1,500,00[illegible]
,, ,,	62	A new manufactory of butter formed in connection with the fishery and salt promotions, "to supply effectually the fish with sauce." [The promoter reserves £50,000 and subscriptions are limited to those holding fishery shares.]	Robin's Coffee House.	2,000,00[illegible]
,, ,,	63	Company for the African trade.	Salutation Tavern.	1,000,00[illegible]
,, ,,	64	"Company to establish colonies and settle a trade in New Britannia and other parts, where gold and silver do abound."	Mulford's Coffee House.	
,, 21	65	"A mutual subscription for carrying on a trade to Africa and America."	King's Arms Tavern.	
,, ,,	66	The new undertaking of the whale fishery at Davis Straits.	Three Tuns.	
,, 22	67	Company for the encouragement of the woollen manufacture.	Virginia Coffee House.	2,000,00[illegible]
,, ,,	68	Company for carrying on a trade to Russia. [Linen drapers to have preference as subscribers.]	Globe Tavern.	1,000,00[illegible]
,, 23	69	The Globe Fire Office.	Ship and Castle Tavern.	2,000,00[illegible]
,, 27	70	Company for promotion of trade with Barbary, "which would sell 10,000 pieces of woollen cloth and the other woollen manufactures and preserve our countrymen from being carried into slavery."	Half Moon Tavern.	

[Dat]e when the [su]bscription [w]as opened	No.	Description	Where the subscription was taken	Capital
				£
April	71	Company for carrying on the manufacture of sail-cloth.	Globe Tavern.	
[M]ay 5	72	Company to prevent the smuggling of wool.		4,000,000
„ „	73	Company for advancing money by loan to the government, and for carrying on the insurance of ships.	Wicar's Coffee House.	
„ „	74	Company for buying the goods of bankrupts to sell them by auction.	Salutation Tavern.	
„ 12	75	Company for the fishery in the eastern parts of New England, Annapolis, Cape Sable, Newfoundland or any other part of America.	Marine Coffee House.	
„ „	76	Company for working "a newly invented water engine."		
„ „	77	Company for the more effectual carrying on and improving of the beneficial glass trade in all its branches.	Ship Tavern.	1,500,000
„ 13	78	Company for carrying on the business of making and tinning iron plates in Great Britain.	Ship and Castle.	
„ 17	79	The Pennsylvania Society for raising hemp and flax and importing timber and deal boards.	Ship Tavern.	3,000,000
„ 19	80	A co-partnership for purchasing stocks, farming turn-pikes and renting wharfs.	Sam's Coffee House.	
„ „	81	Co-partnership for draining fenny lands.	Will's Coffee House.	
„ „	82	Society for the assurance of mariners' wages in the merchant service, and for advancing money on the pay of those in his Majesty's service at a low premium to prevent the abuse of extravagant discounts.	Sam's Coffee House.	
„ 24	83	Undertaking to prevent the export of wool into foreign parts.		3,000,000
„ 26	84	Co-partnership for making calico in Great Britain and encouraging the growth of cotton in the plantations.	Salter's Hall.	2,000,000
„ 27	85	Company for grinding all sorts of wood dry, for the use of dyeing.	Waghorn's Coffee House.	
„ 30	86	"The Pennsylvania, Annapolis, Royal South and North American Society," for the improving of flax, hemp, sugar and the importing of the same with timber and deal boards, also exporting home products to these plantations. [Capital divided into 2,000 "parts or premiums" of £1,000 each.]	Marine Coffee House.	2,000,000
„ „	87	Company for planting hemp in Scotland and Ireland, for making sail-cloth.	Blackmore's Head, Lombard St.	
„ „	88	A combination of persons of credit in the hop trade.	Ship Tavern.	

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
May 30	89	A co-partnership for refining sugar.	Fountain Tavern.	
,, ,,	90	Company for purchasing tracts of bog in Ireland to drain them and to purchase other improveable estates.	King's Head Tavern.	3,000,
,, 31	91	Company for making calico and muslin and improving cotton and wool in the plantations.	Bull Head Tavern.	3,000,
June 1	92	Company to insure effects and money against robberies and embezzlement on the roads, and houses and goods from fire.	Ship Tavern.	
,, 2	93	Company for establishing a coral fishery in the Mediterranean, and making calico in England.	Fleece Tavern, Waghorn's Coffee House.	2,000,
,, 4	94	Proposal for traders in, and consumers of paper, to combine for a joint-stock to carry on the manufacture of the same.	Castle Tavern.	
,, 6	95	Company to carry on a trade from Scotland for importing all manner of naval stores, as masts, timber, deal boards, turpentine, pitch, tar, &c.	Virginia Coffee House.	2,000,
,, ,,	96	Company for the cotton manufacture in Lancashire.	Ship Tavern.	2,000,
,, ,,	97	Company to trade in hair.	Ship Tavern.	
,, ,,	98	Company for settling the Tortugas.	Garraway's.	
,, ,,	99	Company for the better promoting and increase of the American trade, the building of ships and importing of timber.	Garraway's.	
,, ,,	100	Company for the purchase of estates.	Sam's Coffee House.	4,000,0
,, ,,	101	Company for the supply of all kinds of grass-seeds and the changing of seed-corn.	Marine Coffee House.	
,, 7	102	Company for the improving and making of starch in Great Britain. [Subscription money was returned July 14th and 15th.]	Golden Ball.	5,000,0
,, ,,	103	Company for the improvement of woad and the better encouragement of dyers.	Cross Keys Tavern.	2,000,0
,, ,,	104	Shares in an engine for clearing sand from rivers and harbours, which works from 9 ft. to 27 ft. under water, taking up 70 tons of soil an hour.	Salutation Tavern.	1,000,0
,, ,,	105	Company for selling by commission of 2½ per cent. all kinds of woollen goods, and for making loans to manufacturers at 5 per cent. on the security of their goods, also the discounting of their trade-bills and the insuring of debts.	Sam's Coffee House.	10,000,0
,, ,,	106	Company for trade into the River Orinoco.	Waghorn's Coffee House.	

[Dat]e when the [sub]scription [wa]s opened	No.	Description	Where the subscription was taken	Capital
				£
[J]une 7	107	Company for the planting and manufacture of madder in Great Britain.	Pennsylvania Coffee House.	
,, ,,	108	Sharers in the tin and lead mines of Derbyshire and Cornwall.	Half Moon Tavern.	
,, ,,	109	Company for making English pitch and tar.	Castle Tavern.	2,000,000
,, ,,	110	Company for improving and carrying on the woollen manufacture, making felt hats, also glass and lead pantiles as effectually as those produced in Holland and Germany.	Swan and Hoop Tavern.	
,, ,,	111	Company for the importation of Swedish iron.	Jerusalem Coffee House.	4,000,000
,, ,,	112	Company for extracting silver from lead and other metals.	Vine Tavern.	3,000,000
,, ,,	113	Company for carrying on a trade in rock-salt.	Sam's Coffee House.	
,, ,,	114	"The Grand Dispensary," to prepare truly "all chemical and galenical medicines in order to serve all families, shipping and poor in Great Britain and Ireland at reasonable rates, and the poor shall have the constant advice of able physicians."	Buffalo's Head.	3,000,000
,, ,,	115	Company for the producing of a cheaper supply of white-lead.	Ship Tavern.	120,000
,, ,,	116	Company for making all sorts of pasteboard, packing paper, &c.	Ship Tavern.	
,, ,,	117	Company for the purchase of disputed titles in Great Britain and especially in Ireland; and, by the provision of sufficient funds to carry on the cases, to obtain possession of the lands on behalf of the company.		2,000,000
,, ,,	118	Company for the improving of an art, lately found out, for the making of soap, 6 lbs. of which is more serviceable than 8 lbs. of the best brown soap.	Mulford's Coffee House.	
,, ,,	119	Company for the further improvement of the diamond trade.	Ship Tavern.	2,000,000
,, ,,	120	Company to establish woollen factories in those counties adjoining the seacoast to prevent the smuggling of wool to France.	Hanover Coffee House.	5,000,000
,, 8	121	Company for victualling ships of the Navy and merchant-men. [The amount paid in was returned on June 20th and 21st.]	Globe Tavern.	2,000,000
,, ,,	122	Co-partnership in the "milled-lead adventure," and the buying of lead-mines [cf. *supra*, pp. 104–8].	Ship Tavern.	
,, ,,	123	Company for the better making of crape.	Cole's Office.	4,000,000

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capita
				£
June 9	124	Co-partnership for trading in hair, "hair being a commodity whose consumption is equal to, if not exceeds, most of the necessaries, used in dress by both sexes."	Ship Tavern.	
,, ,,	125	Company for buying and selling South Sea stock and all other public stocks. [Promoted by Matthew West, Banker. An account of West is given in *A Handbook of London Bankers*, by F. C. H. Price, London, 1890–1, p. 174.]	Seven Stars (Clare St.).	40,
,, ,,	126	Company for a particular method for the improvement of lands in Great Britain, "whereby £20 to £30 per annum is expected to be made on every acre, so improved."	Pope's Head Tavern.	4,000,0
,, ,,	127	Company for carrying on the woollen trade in the North of England.	Swan and Rummer.	
,, 8, 9	128	Company for the improvement of the soap trade, and the importing of oils and other materials used in the woollen trade.	Rainbow Coffee House.	
,, 9	129	Company for drying malt with hot air [Busby's invention].	Busby's Chambers, Gray's Inn.	
,, ,,	130	Company for building or rebuilding houses, or any other edifices, on new or old foundations in any part of England, to insure houses, &c. [The "permits," which soon became notorious as *the Globe Permits*, were 1*s*. per cent. or 10*s*. for a share of £1,000.]	Globe Tavern.	3,000,0
,, ,,	131	Company for paving and the better re-paving of the streets of London and Westminster.	Sam's Coffee House.	2,000,0
,, ,,	132	Company for "making looking-glass after the Italian chrystal manner for looking-glasses, coach-glasses and sash windows, and also several other things out of that fine chrystal material."	Cole's Coffee House.	2,000,0
,, ,,	133	Company for making glass and glass-bottles.	Salutation Tavern.	
,, ,,	134	Company for the making of sail-cloth in Scotland.	Ship Tavern.	
,, ,,	135	Company for importing materials for brushes and mops, also broomsticks from Norway and Germany. [The capital was to be "some millions sterling."]	Ship Tavern.	
,, ,,	136	Company for carrying on and improving "the British alum works."		
,, 8, 9	137	The sharers in an engine, to supply fresh water to the inhabitants of Deal, and also to ships windbound.	The Crown, Black Swan.	

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
June 9	138	Company for buying up and importing Dutch and Flemish lace.		
,, ,,	139	Company for the encouragement of the breed of horses and for the importation of the most useful and acceptable horses from all foreign parts.		2,000,000
,, ,,	140	Company for purchasing perpetual advowsons, rights of patronage and next presentations, and for improving of glebe and church lands, and for repairing and rebuilding parsonage and vicarage houses.	London Stone Coffee House.	
,, ,,	141	Company for making iron and steel in Great Britain.	Sam's Coffee House.	
,, 10	142	Company for supplying Liverpool with water.	Fountain Tavern.	
,, ,,	143	Company for erecting houses and hospitals for maintaining and educating bastard children, by which all the parishes of England will be eased of a vast charge.	Ship Tavern.	2,000,000
,, ,,	144	Company for making Manchester stuffs or "dittees."	Ship Tavern.	
,, ,,	145	Company to supply London and Westminster with the best sea-coal.	Garraway's.	3,000,000
,, ,,	146	Company for draining and improving about 40,000 acres of land in Flintshire.	George Tavern.	1,000,000
,, ,,	147	Company for purchasing lands and ground rents, in order to raise estates by building thereon.	Hanover Coffee House.	2,000,000
,, ,,	148	Company for erecting loan-offices for the assistance and encouragement of the industrious, by supplying them with cash at moderate premiums.	Blue-Coat Coffee House.	2,000,000
,, ,,	149	Company for keeping all the streets within the Bills of Mortality paved, repaired, swept and cleansed.		
,, ,,	150	Company for carrying on the corn trade in all its branches in Great Britain.	Fleece Tavern.	
,, ,,	151	Company to make iron with pit-coal "owing to the extreme dearness of timber and char-coal."	Sam's Coffee House.	4,000,000
,, ,,	152	Company for making bays in Colchester and all other parts of Great Britain.	Virginia Coffee House.	
,, ,,	153	Company for settling the island of Santa Cruz.		
,, ,,	154	Company for improving certain Crown Lands.		3,000,000
,, ,,	155	Company for dealing in lace, hollands, cambric and lawn, and to make the same in England, as good and cheap as if the same came from abroad.	Garraway's Coffee House.	2,000,000
,, ,,	156	Company for furnishing merchants and others with watches at a much cheaper rate than can possibly be done by any other method.	Sun Tavern.	

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
June 11	157	A society to insure all masters and mistresses whatever loss they may sustain by theft from any servant that is ticketed and registered in this society; as also to support such servants, out of place, that fall sick or lame.	Devil Tavern, Charing Cross.	3,000,000
,, ,,	158	Company for making iron with pit-coal.	Sam's Coffee House.	4,000,000
,, ,,	159	The Frame-work Knitters' company or stocking-makers' company, for the trade of making silk and worsted stockings, waistcoats, breeches, gloves, caps and other goods worked in frames.	Hall near Cripple-gate.	2,000,000
,, ,,	160	"The Publick Treasury"; for lending money on real security to wholesale dealers, to pay customs on behalf of merchants on goods imported, to grant annuities. [This was a reconstruction of a company formed in November 1716. In 1720 the capital was divided into 50,000 shares, these were now offered for sale, on behalf of the shareholders at £100 each.]	St Paul's Coffee House.	5,000,000
,, ,,	161	Company for buying and selling land, and lending money on land securities.	Swan Tavern.	5,000,000
,, ,,	162	The Holy Island company, for erecting salt pans and establishing a fishery and for fencing in and bounding 60,000 acres of land there and in three districts adjoining, also for cutting and working the fine veined marble found on this property.	John's Coffee House.	
,, 13	163	Company for building a new square, and purchasing as many houses as possible in the most convenient places, to sell or let the same at advanced prices.	Waghorn's Coffee House.	2,000,000
,, ,,	164	Company for erecting and maintaining certain engines for raising sand and stones out of rivers and harbours, "for the better cleansing and the rendering the same more navigable."	Pope's Head Tavern.	
,, ,,	165	Company for the improvement of tillage and the breed of horses.	Cross Keys Tavern.	
,, 14	166	Company for encouraging the importation of masts, deals, planks and timber, from Hanover, Bremen, Hamburg and other parts of Germany.	Waghorn's Coffee House.	
,, ,,	167	Company for buying wool for spinning into goods in demand in Spain, Holland, Switzerland and the Plantations.	Hanover Coffee House.	3,000,000

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
June 14	168	Company for furnishing London with hay and straw.	The Great James.	
,, ,,	169	Company for improving the paper-manufacture and the art of printing.	Waghorn's Coffee House.	4,000,000
,, 15	170	Company for the transmutation of fluid mercury or quicksilver into a solid and malleable body. ["By a just calculation 'tis demonstrable that each subscriber will get 800 per cent."]	Fountain Tavern.	2,000,000
,, 16	171	The Hand and Sun Fire Office.		
,, 17	172	Company "for settling the country on a desolate river more than 70 miles up the main continent in Acadia."	Waghorn's Coffee House.	
,, ,,	173	The sharers in the sun-flower patent for making oil from seeds.	Globe Tavern.	
,, 18	174	Captain Welbe's company of London adventurers for the carrying on a trade to (and settling colonies in) Terra Australis and improving the gold and silver mines.	South Sea House.	10,000
,, 21	175	The English company for insuring children's fortunes.	Widow Joe's Coffee House.	
,, 22–4	176	Co-partnership for making all sorts of fine druggets, serges, &c. in Ireland. [Subscription of £900,000 on 22nd and a further £300,000 on the 24th.]	Sam's Coffee House, Globe Coffee House.	1,200,000
,, 24	177	Sharers in the malt and hop patent under Keats' receipts.	Virginia Coffee House.	
,, ,,	178	Company for making starch out of potatoes under C. Joynes' patent.		
,, ,,	179	Company for the British improvement of timber and uncultivated lands [Sir John Lambert's Scheme].	Garraway's Coffee House.	
July 2	180	Company for the oil patent with land security.	The House on the right-hand side of Fox Ordinary Court, Nicholas Lane.	
,, 8	181	Sharers in Long's patent for meliorating oils. [There was a John Long, a banker in Lombard St., who failed in September 1720—Price, *Handbook of London Bankers*, p. 103.]	Long's Shop, Lombard St.	
Aug. 2	182	Company for extracting gold and silver from lead and other sorts of ores [Pontack's receipts].	Marine Coffee House.	
,, 3	183	Company of the Copper Miners of England. [New additional stock, *vide supra*, II. pp. 434–5.]		105,000
,, 29	184	Hudson's Bay company. [New additional stock, *vide supra*, II. pp. 236–7.]	Hudson's Bay House.	283,500

Date when the subscription was opened	No.	Description	Where the subscription was taken	Capital
				£
Aug.	185	British and Irish Office for general insurance against fire in Ireland [*vide supra*, p. 374].		
Aug. 8–12	186	Co-partnery of the freemen-burgesses of the Royal Burrows of Scotland for carrying on a fishing trade. [Shares were £100 each. The government was in the hands of managers, of whom nine formed a quorum. No member might subscribe for more than £3,000 sterling or less than £1,000 sterling—*Articles of the Co-Partnery of the Freemen...for Carrying on a Fishing Trade*, Edinburgh, 1720.]	Promoted at Edinburgh.	
,, 16	187	Company of the mineral adventurers at Neath. [Carried on under the charter of the Mine Adventurers, *vide supra*, II. p. 457.]		
Sept. 10	188	Company for the Golden Islands to the south of Port Royal, Carolina, containing 100,000 acres.		100,000
,, ,,	189	The Grantees of the *Shannon* wreck.	Waghorn's Coffee House.	
,, 29	190	Company for the effectual carrying on of the lead mines in Derbyshire.	Mitre Tavern, Fleet St.	

DIVISION XIV.

STATISTICS OF THE CHIEF JOINT-STOCK COMPANIES OF ENGLAND, SCOTLAND AND IRELAND TO 1720.

STATISTICS OF THE CHIEF JOINT-STOCK COMPANIES OF ENGLAND, SCOTLAND AND IRELAND TO 1720.

THE following tables summarize certain statistical data relating to the more important companies.

The *first column* gives the date at which the undertaking is first known to have been in existence.

The *second column* gives the title of the undertaking when it was established as a company. In cases where there was a charter the full title is recorded, where there was no charter that used by the officials is printed.

The *third column* gives the instrument under which the business was carried on. The following contractions are used:

C = charter of incorporation.
AP = Act of Parliament (England).
AP (Scotland) = ,, ,, (Scotland).
P = patent to one or more persons but without incorporation.
D = deed of co-partnership.

The *fourth column* relates to the government of the company.

The next *four columns* are devoted to particulars relating to the capitalization, where these are available.

The *last column* includes information of a more miscellaneous character, such as the quorum, voting rights, &c.

Date of first mention	Title	Instrument by which the company was established and the date	Type of Governm
1553	The Mysterie and Companie of the Marchants Adventurers for the discoverie of regions, dominions and places unknown; The Marchants Adventurers of England for the discoverie of Lands, Territories, Isles, Dominions and Seignories unknown and not before that late Adventure or Enterprise by sea or navigation commonly frequented; The Fellowship of English Merchants for the Discovery of New Trades; The Muscovia Company; The Muscovy Company; The Russia Company.	D 1553 C 1555 AP 1566 Also subsequent Orders of the Privy Council.	1 or 2 Governo 4 Consuls. 24 Assistants.
1561	The Governors, Assistants and Commonalty of the Mines Royal; The Governors, Assistants and Society of the City of London of and for the Mines Royal.	P 1564 C 1568 C 1604 and numerous subsequent grants.	2 Governors. 4 Deputy-governors. 6 Assistants.

Capitalization				Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
ock	Number of shares	Value of each share	Capital			
		£	£			
—	240	25	6,000	1553	240	The origin of this company is to be found in the exploration syndicate of 1553. In 1555 a charter of incorporation was obtained. The quorum at a "governor's court" was 15, at which the governor and 2 consuls should be present. If the governor were absent, the quorum was constituted by 3 consuls and 12 assistants. In 1566 the title was changed by an act of Parliament of that year. Though the charter remained operative for a long time, a succession of financially distinct ventures were carried on under it. These may be dated approximately— The first and second companies from 1555 to 1586. ? Separate annual undertakings from 1586 to 1593. The third company from 1593 to 1607. The fourth company from 1608 to 1617. The fifth company from 1617 to 1620. One or more companies from 1620 to 1638. Another company after 1638. About 1669 the last joint-stock was wound up and the trade to Russia was continued by a *Regulated company.* *Whale-Fishing at Greenland.* Subordinate and independent undertakings were formed for this business. The first (1617) was the joint-adventure of the Russia and East India companies. About 1620 a whaling company was formed by freemen of the Russia company, which was described as *the Greenland company.* By 1654 this and two other undertakings had failed. In that year fresh capital was raised which was lost by 1657. The whale-fishing at Greenland was freed from the company's monopoly in 1672.
				1555	207	
—		200	48,000	1564		
				?1572	80	
				?1586	12	
				1604	80	
ock	—	—	64,687	1617		
				1654	50	
				1694	12 to 14	
—	24	850	20,400	1569		This undertaking was established by an indenture between Elizabeth and two persons in 1561. In 1564 the benefit of the agreement was assigned to Daniel Höchstetter, to whom and his partners a charter was granted in 1568. By a further charter in 1604 the title was changed. At this period some of the shares were divided into halves and quarters. This organization formed subsidiary companies, one of the most important of which was *the Mines Royal of Wales* which was in existence in 1623.
				1571	22 English share-holders.	

Date of first mention	Title	Instrument by which the company was established and the date	Type of Governm
	Company formed for mining in Scotland by Cornelius de Vois.	D	
1565	The Governor, Assistants and Society of the Mineral and Battery Works; The Governor, Assistants and Society of the City of London of and for the Mineral and Battery Works.	P 1565 C 1568 C 1604	2 Governors. 2 Deputy-governors. 8 Assistants.
1571	The Society for the New Art of making Copper.	C 1574	1 Governor. 1 Deputy-gover
1576	The Adventurers to the North-West for the Discovery of a North-West Passage; or The Companye of Kathai.	D 1576 C 1577	First year— 1 Governor. 2 Consuls. 12 Assistants. Afterwards— 2 Governors. 4 Consuls. 12 Assistants.
	Proposed Planting Company promoted by Alexander Carlile.	D	A Committee.
	The Governour and Companie of Merchantes of the Levant.	C 1581 C 1592	1 Governor. 12 Assistants.
1599	The Governor and Company of Merchants of London trading into the East Indies.	C 1600 and many subsequent charters.	1 Governor. 1 Deputy-governor. 24 Committees.

Capitalization: Number of shares	Capitalization: Value of each share	Capitalization: Capital	Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
	£	£			
50	100 *Scots*	5,000 *Scots*	1567		
36		For the finance of this company *vide* II. pp. 417–8.			*Quorum,* 12 shareholders including a governor or deputy-governor, 4 assistants and six of the commonalty.
5	200	1,000	1571	5	The membership was not to exceed 20
—	—	875	1576	18	*Quorum,* 15 stockholders.
		5,150	1577	41	
		6,952	1578		
		11,600			
	25 12½ 6¼	4,000			The shares were whole, half, or quarter shares.
			1581	20	In 1599 or 1600 the constitution was changed from the joint-stock to the regulated type.
	130		1592		
Voyage I	—	68,373	1601	198	*Voting Rights* 1650, one vote for each £500 stock. This was confirmed by the charter of 1661.
,, II	—	60,450	1604		
,, III	—	53,500	1607		
,, IV	—	33,000	1608		*Voting Rights* 1694 to 1698, one vote for £1,000 stock up to a maximum of 10 votes.
,, V	—	13,700	1609		
,, VI	—	80,163	1610		
,, VII	—	15,634	1611		*Voting Rights* 1698, 1 vote for £500 stock.
,, VIII	—	55,947	1611		2 votes ,, £1,000 ,,
,, IX	—	19,614	1612		3 ,, ,, £2,000 ,,
,, X	—	46,092	1612		4 ,, ,, £3,000 ,,
,, XI	—	10,669	1612		5 ,, ,, £4,000 ,,
,, XII	—	7,142	1613		and no more.
First Joint-Stock.	—	418,691	1613 to 1617		*Qualification* 1693, for governor and deputy-governor £4,000 stock; for committees £1,000 stock.
Second Joint-Stock.	—	1,629,040	1617 to 1628	954	The New General Stk. was £739,782. 10*s.* nominal, of which only 50 °/ₒ was paid till 1681 when stockholders were credited with the remaining 50 °/ₒ, as a bonus.
Persian Voyage I	—	125,000	1628		
,, II	—	150,000	1629		
,, III	—	100,000	1630		This company was amalgamated with the English East India company in 1708–9, and the two together formed the "United" company.
Third Joint-Stock.	—	420,700	1632		

Date of first mention	Title	Instrument by which the company was established and the date	Type of Govern
1606	The Treasurer and Company of Adventurers and Planters of the City of London for the First Colony in Virginia.	C 1606 C 1609 C 1612	1 Treasurer. 1 Deputy-treas and a Counc
1616–7	The Society of Particular Adventurers for Traffique with them of Virginia in a Joint-Stock.	D	1 Director. 5 Committees.
1621	A Joint-Stock for a glass-furnace in Virginia for making Glass and Beads.	D	
1621	A Joint-Stock for Transporting 100 Maids to Virginia to be made Wives.	D	
1612	The Governor and Company of the City of London for the Plantation of the Somers Islands.	C 1615	1 Governor. 24 Assistants (of these being puty-governo

Capitalization			Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
Number of shares	Value of each share	Capital			
	£	£			
First General Voyage.	—	80,450	1641		
Fourth Joint-Stock.	—	105,000	1642		
Second General Voyage.	—	192,800	1648		
United Joint-Stock.	—		1650		
New General Stock.	—	739,782½	1657		
			1681	530 to 600	
			1688	320	
		744,000	1693	482	
		1,574,608	1698	1,200	
			1701	763	
			1702	759	
			1703	960	
			1707	916	
			1708	965	
	12½	36,624	1619	858	*Quorum*, 5 members of the council (of whom the treasurer or deputy-treasurer must be one) and 15 of the generality.
	6¼	36,862	1620	866	*Voting Rights*, 1 vote for each member free of the company, whether he was a shareholder or not, who was personally present at a court and no more. From April 28, 1619, votes were recorded by ballot.
		7,000			These were subsidiary enterprizes of the Virginia company. Of a like character were a fishing company 1618 (capital £1,800), another fishing company 1620 (capital £1,000), "the New Magazine" 1620 (capital £1,000), a Magazine for Apparel 1621 (capital £1,800), a fur-trading company 1621 (capital £900), a boat-building company 1621 (capital £1,000).
	10	"near £1,000"	1621		
100	8	800	1621		
400			1612	117	*Voting Rights* as in the Virginia company, save that there was no ballot.
		10,000*	1613		*Subsidiary Companies*, for whaling 1616 and 1662, for the planting of sugar-canes 1620, for transporting maids 1621, and the Magazines which began in 1617.
					* Estimated total expenditure, *vide supra*, II. p. 253.

Date of first mention	Title	Instrument by which the company was established and the date	Type of Govern
1610	The Society of the Governor and Assistants of the New Plantation in Ulster within the Realm of Ireland.	C 1613	1 Governor. 1 Deputy-governor. 24 Assistants.
1608	The Governor and Company of the New River brought from Chadwell and Amwell to London.	APs (to the City) 1606 and 1607 transferred to Middleton 1609 D James I., 1612 C 1619 D Charles I., 1631 and subsequent APs	1 Governor. 1 Sub-govern 1 Treasurer.
1618	The Governor and Company of Adventurers of London trading to Gynney and Bynney.	C 1618	1 Governor. 1 Deputy-governor. 12 Directors.
1619	The Governor and Company of Noblemen and Gentlemen for the Planting of Guiana.	C 1627	
1620	The Council established at Plymouth in the County of Devon for the Planting, Ruling, Ordering and Governing of New England in America.	C 1620	1 Governor. 40 Members o Council.
	The Adventurers for Planting at New Plymouth.	D 1620 and grants from the New England company.	1 President. 1 Treasurer.
1621	The Undertakers for the Plantation of New Scotland.	P 1621	

Capitalization			Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
Number of shares	Value of each share	Capital			
	£	£			
12	3333⅓	40,000	1613	54	The funds of this Society were contributed by 54 London Livery companies, the position of which resembled that of a shareholder in a joint-stock company.
36			Before 1619		The City Corporation had obtained compulsory powers in 1606 which were transferred to Middleton in 1609. In 1612 a moiety of the business was acquired by James I., in consideration of his paying Middleton one-half of the capital expended to that date and bearing one-half of the remaining cost. In 1619 the proprietors of the original moiety (then divided into 36 shares, known as Adventurers' Shares) were incorporated (the quorum at a general court being 5). In 1631 Charles I. transferred his moiety to Middleton, in consideration of an annuity of £500. This moiety was also divided into 36 shares. In 1904 the water undertaking was sold to the London Water Board, but the company continues to exist to administer its estate, consisting of house-property.
72			1631		
...dventurers' Shares	257¼	9,262	1615		
...g's Moiety		9,262	1615		
Total		18,524	1615		
		5,766*	1620		* Total expenditure to 1620.
	150 / 100 / 50	5,000	1627	55	
	110		1622		Shareholders must be "persons of honour or gentlemen of blood." An exception was made in the case of six merchants from the West of England. There was a subsidiary company for fishing, the shares in which were £50 each.
	10	7,000†	1624	70‡	† Total expenditure. ‡ This was the number of non-personal adventurers.
	100	8,000	1624 to 1628	83	The persons, who became undertakers in 1624, received the title of Baronet of Nova Scotia.

Date of first mention	Title	Instrument by which the company was established and the date	Type of Govern
1628	The Governor and Company of the Massachusetts Bay in New England.	C 1629	1 Governor. 1 Deputy-governor 18 Assistants.
1629	The Governor and Company of Adventurers for the Province of Laconia in New England.	Grant from New England company.	
	The Company of Adventurers to Canada.	P 1626–7 P 1633	
1629	The Governor and Company of Adventurers for the Plantation of the Islands of Providence, Henrietta and the adjacent Islands between 10° and 20° North Latitude and 290° and 310° of Longitude.	C 1630	1 Governor. 1 Deputy-gove 1 Treasurer.
1631	The Company of Merchants trading to Guinea.	P 1631	
1631	The Undertakers for the Lindsey Level.		
1631	The Governor, Bailiffs and Comminalty of the Conservators of the Fens in the Counties of Cambridge, Huntingdon, Northampton and Suffolk and the Isle of Ely.	C 1631	1 Governor. 1 Deputy-gove 2 Bailiffs.
1630	The Society of the Fishery of Great Britain and Ireland.	C 1632	1 Protector. 12 Members of Council.
1642	The Adventurers for Lands in Ireland.	AP 1642	A Committee of
1656	The Adventurers to the East Indies in the Ship *William*.	D	
1661	The Governor and Company of the Royal Fishery of Great Britain and Ireland.	C 1664	1 Governor. 1 Sub-governo 1 Deputy-governor. 36 Assistants.
1670	The Royal Company for the Fishery in Scotland.	C 1670 AP Scotland	
	The Company of the Royal Fishery of England.	C 1677	1 Governor. 1 Deputy-gove and Committ

Capitalization				Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
…k	Number of shares	Value of each share	Capital			
		£	£			
		50		1628		*Quorum*, 7 Adventurers, of whom the governor or deputy-governor must be one.
				1629	110	
	10	200	2,000	1629	10	Of the 24 shares, six were subdivided into halves and quarters.
	24	500	12,000	1630	42	
	24	1,000	24,000	1633		There was a subsidiary company, known as *the Adventurers for Tortuga* or *the Adventurers for Association* from 1630 to 1635. In 1631 £70 per share had been called up from eleven shareholders.
						The capital expended by this company is said to have been £70,000.
	18	2,500	45,000		8	
	20	4,650	93,000	1638	14	
…ck	—	—	22,682½	1635		There were at least three subordinate companies—William Noy's Association, Lord Portland or Lord Arundel's Association and Lord Pembroke's Association.
	—	—	360,000			
	—	—	46,200			
	—	—	10,980	1663–4		
	—	—	25,000			It is improbable that more than a small amount of the nominal capital was paid up.
	—	—	100,000	1694		Only 10 °/ₒ had been called up in 1694. An attempt was made to issue capital to the extent of £1,000,000 in 1720.

Date of first mention	Title	Instrument by which the company was established and the date	Type of Governm
	The Governor and Company of the Royal Adventurers of England trading into Africa.	C 1662	1 Governor. 36 Assistants.
	The Royal African Company of England.	C 1672	1 Governor. 1 Sub-governo 1 Deputy-governor. 24 Assistants.
1668	The Governor and Company of Adventurers of England trading into Hudson's Bay.	C 1670 AP 1690	1 Governor. 1 Deputy-gover 7 Committees.
1670	The Undertaking for the Working of Mines Royal in the Counties of Cardigan and Merioneth.	D 1670	A "Grand Co mittee" of members.
1675	The Governor and Company of Undertakers for raising the Thames water in York Buildings.	P 1675 AP 1691	1 Governor. 6 Assistants.
	The Company interested in the Manufacture and Invention of Milled-Lead.	AP 1670	
1667	The Partners for insuring Houses against Fire.	D 1680–1 P 1688	
1680	The Company formed by Cuthbert Dykes to supply Newcastle-on-Tyne with Water.	D	
1681	The Governor and Company of the Water-work and Water-houses in Shadwell.	P 1681 AP 1691	1 Governor. 24 Assistants.
1681	The Woollen Manufactory at New Mills in the Shire of Haddington.	AP (Scotland) 1681	5 Managers wh elected a Præse

Capitalization			Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
Number of shares	Value of each share	Capital			
	£	£			
305	400	122,000	1662		*Qualification* of governor and assistants one share of £400. There were also half-shares.
—	—	111,100 444,400 625,250 1,101,050 451,350	1672 1680 1691 1693 1697 1712	 198	A reconstruction of the foregoing company. *Quorum*, at "a governor's court," 7, of whom the governor, sub-governor or deputy-governor must be one. *Qualification* (1714) of an assistant £2,000 stock. *Voting Rights*, one vote for £500 stock up to a maximum of 5 votes.
105	100	10,500 31,500 103,950	1670 1672 1690 1720	18 32 89	*Quorum*, at a governor's court, the governor and 3 committees. *Voting Rights*, 1670–89, 1 vote for £100 share; after 1690, 1 vote for £300 share. *Qualification*, 1720, governor £1,800, committee £900.
42	100	4,200			A subsidiary company of the Society of the Mines Royal. *Quorum*, "at a full meeting," 5, of whom 3 must be members of the Grand Committee.
12 48 —	 100 —	 4,800 1,259,575	After 1675 1690 1720		Originally carried on by two partners. In 1690 a company was formed which was purchased in 1719 and the development of landed property was begun. Of the stock of 1720 only 10 °/ₒ was called up in that year.
12					At first constituted as a small company in 1670. About 1689 the shareholders sold the undertaking to Thomas and Charles Hale. In 1720 efforts were made to float it as a company.
12			1680	12	Founded by Nicholas Barbon in 1667 and transferred to a company in 1680.
		3,500			This undertaking was leased to William Yarnold after 1697, but was subsequently surrendered to the company.
—	—	5,000	1681		Three of the five managers retired annually by rotation.

Date of first mention	Title	Instrument by which the company was established and the date	Type of Govern
1682	The Proprietors of the Convex Lights.	P 1684 AP 1694	
1683	The Patentees for making Salt-Water Fresh and Wholesome.	P 1683	
1683	Captain Poyntz and Company for Planting the Island of Tobago.	Grant from Duke of Courland.	
1685	The Governor and Company of the White Paper Makers of England.	P 1686 AP 1690	1 Governor. 24 Assistants whom one chosen Dep governor).
1687	The Royal Lustring Company of England.	P 1688 C 1692 AP 1693	1 Governor. 1 Deputy-governor. 12 Assistants.
1689	The Droitwich Salt-works.	AP 1689	
1689	Mr John Loftingh and Company, Proprietors of the "Sucking-worm Engine."	P 1689	
1690	The Governor and Assistants of the King's and Queen's Corporation for the Linen Manufacture in England.	C 1690	1 Governor. 1 Deputy-governor. 15 Assistants.
1690	The Governor and Assistants of the King's and Queen's Corporation for the Linen Manufacture in Ireland.	C 1691	1 Governor. 1 Deputy-governor. 30 Assistants.
	Silver and Lead-mining Company formed by Sir Carberry Price.	D 1690	
1690	The Governor and Company of Glass-Makers of London.	P 1691	
1691	The Governor and Company of the Royal Corporation of London for carrying on the Linen and Paper Manufacture within the Islands of Jersey and Guernsey.	C 1691	1 Governor. 1 Deputy-governor. 18 Assistants.
1691	The Governor and Company of the Copper Miners in England.	C 1691	1 Governor. 1 Deputy-governor. 10 Assistants.
1691	The Governor and Company for making Saltpetre in England.	P 1691 C 1692	1 Governor. 1 Deputy-governor. 24 Assistants.

Capitalization			Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
Number of shares	Value of each share	Capital			
	£	£			
32	160	5,120	Before 1694		
32	800	25,600	1695		
					In 1692 the members were described as being all "persons of quality."
5,000	12	60,000	1683		
400	50	20,000	1686		The governor and deputy-governor must be present at all meetings at which orders were made. *Voting Rights,* one vote for each share. An additional stock was offered for subscription in 1690.
2,400	25	60,000	1692	134	*Voting Rights,* 1 vote for each share and no more. *Qualification* of an assistant, 10 shares. These shares were issued at £5 premium.
					An invention for draining lands.
340	10	3,400	1690		*Voting Rights,* 1 vote for each share. In 1691 an issue of new shares was made at £50 per share.
400	5	2,000	1690–1		An additional stock was issued in 1691.
4,800	17	81,600	1693		Purchased in 1698 by the Mine Adventurers' company at £20 per share.
		25,000		120	
					Quorum, 7 shareholders. *Qualification* of an assistant, one share.
700			1692		*Quorum,* at a meeting of the court, 7.
21,000	5	105,000	1720		
1,200			1692		*Quorum,* at a meeting of assistants, 7. *Voting Rights*, one vote for each share.

Date of first mention	Title	Instrument by which the company was established and the date	Type of Governm
1689	The Governor and Company for making Hollow Sword-Blades in the North of England.	C 1691	1 Governor. 1 Deputy-governor. 12 Assistants.
1691	The Scots Linen Manufacture.	AP (Scotland) 1694	30 Assistants f[illegible] whom a govern[illegible] deputy-gover[illegible] and treasurer [illegible] to be chosen.
1546	The Hampstead Aqueducts.	D 1692	A Committee [illegible] Management c[illegible] sisting of from [illegible] to 15 members
1692	The Governor and Company for Smelting down Lead with Pit and Sea Coal.	C 1692	1 Governor. 1 Deputy-governor. 12 Assistants.
1692	The Company of Merchants trading into Greenland.	AP 1692	1 Governor. 1 Deputy-governor. 16 Committees.
	The Governor and Company for Digging and Working Mines by a Joint-Stock in England.	C 1693	1 Governor. 1 Deputy-governor. 20 Assistants.
	The Governor and Company for making Iron with Pit-Coal.	C 1693	1 Governor. 1 Deputy-governor. 14 Assistants.
	The City Conduits. The London Bridge Water-Works Company.	D ? 1694 D 1703	1 Governor. 9 Assistants.
1694	The Governor and Company of the Bank of England.	C 1694 AP 1694	1 Governor. 1 Deputy-governor. 24 Directors.

Capitalization			Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
Number of shares	Value of each share	Capital			
	£	£			
—	—	150,000	1703		*Quorum,* at a meeting of assistants, 5.
—	—	268,867	1708		
6,000	5	30,000			£30,000 was the proposed capital, offered for subscription.
600	20	12,000	1692		The Corporation had obtained powers in 1546 for bringing water from Hampstead. These powers were transferred to a company in 1692. *Qualification* of a committee, 10 shares. *Voting Rights,* 1 vote for each share.
—	—	40,000	1892	42	*Voting Rights,* under £500 stock, no vote; £500 stock, 1 vote; £1,000 stock, 2 votes and no more.
—	—	—			*Voting Rights,* 1 vote for each share.
		10,500			*Voting Rights,* 1 vote for each share up to a maximum of 4 votes. *Quorum,* governor's court, the governor, deputy-governor and 5 assistants.
300	500	105,000	1703		The City Conduits company was formed to lease the Conduits from the Corporation. In 1703 it was amalgamated with the London Bridge water-works (founded in 1582).
—	—	1,200,000, for changes in capital after 1694, *vide supra,* p. 243.	1694	1,267	No applicant might subscribe for more than £10,000 stock nor might any stockholder own more than £20,000 stock. *Quorum* of directors 13, in which the governor or deputy-governor must be included. *Qualification,* governor £4,000 stock, deputy-governor £3,000 stock, director £2,000 stock. *Voting Rights,* 1 vote for £500 stock and no more.

Date of first mention	Title	Instrument by which the company was established and the date	Type of Governm
1694	The Scots White-Paper Manufactory.	AP (Scotland) 1695	13 Managers whom a Pr was elected.
1695	The Bank on Tickets of the Million Adventure.	D 1695	24 Managers Committees.
1695	The Office of Land-Credit.	D 1695	"A Chamber Control."
	The Land Bank established anno domini 1695.	D 1695	21 Trustees or Managers.
	The National Land Bank.	D 1695	
	The Governor and Company of the National Land Bank of England.	D 1695 AP 1696	
1695	The Governor and Company of the Bank of Scotland.	AP (Scotland) 1695	1 Governor. 1 Deputy-governor. 24 Directors.
1695	The Company of Scotland trading to Africa and the Indies.	AP (Scotland) 1695	50 Directors.
	The Contractors with the Czar of Muscovy for the Importation of Tobacco into his Dominions.	D about 1696	
1698	The English Company trading to the East Indies.	AP 1698 C 1698	24 Directors.
1702	The Committee of Joint-Management of the East India Trade.	Indenture Tripartite 1702	24 Committees.
1709	The United Company of Merchants of England trading to the East Indies.	AP 1698 C 1698 Indenture Tripartite 1702	24 Directors.

Capitalization			Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
Number of shares	Value of each share	Capital			
	£	£			
1,400		5,000			
—	—	320,000 500,000	1700		*Voting Rights,* 1 vote for £300 stock and no more. *Qualification* of a committee, £500 stock. Chamberlain's land bank. Each subscriber of land had one vote.
—	—	100,000	1695		*Voting Rights,* £300, 2 votes; £500, 3 votes; £1,000, 5 votes and no more. *Qualification* of a manager, £1,000 stock.
—	—				An amalgamation of the two foregoing companies.
—	—	100,000			*Qualifications,* governor £8,000 *Scots,* deputy-governor £6,000 *Scots,* director £3,000 *Scots.* *Quorum* at court of directors, 7. There was called up 10 °/ₒ of the nominal capital.
—	—	400,000	1696	1,317	There was called up 42½ °/ₒ of the nominal capital. The number of members is that of distinct subscriptions, some of these were on joint-account, others were made by the Royal Burghs.
		12,000	1698	70	
— Additional Stock	—	1,662,000 581,700	1698		*Quorum* at a court of directors, 13. *Qualification* of a director £2,000 stock. *Voting Rights,* one vote for £500 stock and no more. The original capital consisted of £1,662,000, lent to the government, out of a total of £2,000,000, which carried the monopoly of the trade to India. To provide working capital an additional stock was raised by calls of 35 °/ₒ. The Old or London Company subscribed £315,000 towards the two million loan; and, by the Indenture Tripartite of 1702, the holdings of both companies in that loan were made equal and the additional stock of the English company was paid off. From 1702 to 1709 the trade was carried on by a committee of management, on behalf of the two companies, which were finally amalgamated in
—	—	3,163,000 31,080 3,194,080	1708 1709 to 1717 1717		

Date of first mention	Title	Instrument by which the company was established and the date	Type of Governr
1698	The Governor and Company of the Mine-Adventurers of England.	D 1698 C 1704	1 Governor. 1 Deputy-governor. 12 Assistants.
1699	The Charitable Corporation for the Relief of Industrious Poor by assisting them with small sums upon Pledges at Legal Interest.	C 1704	A Committee c
1706	The Company of London Insurers. The Sun Fire Office.	D 1710	A Committee o
	The Company of London Insurers upon Lives.	C 1709	12 Directors, v chose one of th number as Cha man.
1711	The Governor and Company of the Merchants of Great Britain trading to the South Seas and to other parts of America and for encouraging the Fishing.	C 1711 AP 1711	1 Governor. 1 Sub-governo 1 Deputy-governor. 30 Directors.
1713	The Governor and Company for making and vending Beech-Oil.	P 1713 D 1714	9 Directors (17 24 ,, (17
1717	The Undertaking kept at the Royal Exchange for insuring Ships and Merchandize at Sea; The Mercers' Hall Marine Company; The Societies of the Mines Royal and of the Mineral and Battery Works, who have undertaken to insure Ships at Sea; The Old Insurance; Onslow's Insurance; The Royal Exchange Assurance.	AP 1720 C 1720 C 1721	1 Governor. 1 Sub-governo 1 Deputy-governor. 24 Directors.
1719	Ram's Insurance or Colebrook's Insurance or Chetwynd's Insurance or The London Assurance.	AP 1720 C 1720 C 1721	1 Governor. 1 Sub-governo 1 Deputy-governor. 24 Directors.

Capitalization			Date at which capital or number of shareholders is recorded	Number of shareholders	Remarks
Number of shares	Value of each share	Capital			
	£	£			
bonds 25,000	5	125,000	1698	700	*Quorum* of directors, 5. *Qualification* of a director, 20 shares. *Voting Rights,* one vote for each 3 shares.
shares 4,008	20	80,160	1705	600	The company was floated by a complicated lottery (*vide* II. pp. 445–7). Each member of Sir C. Price's company obtained £20 in cash or its equivalent in securities of this company for every share in the old one.
6,012	45	270,540	1710		
		20,000 30,000	1704		
		600,000	1719		
24	?40	?960	1709–10		Established by Charles Povey about 1706. Transferred to a company in 1709–10.
2,400	?10	?24,000 In reference to the finances of the company *vide supra,* pp. 282–8	1720		
					Voting Rights, one vote for each share. *Quorum* at meetings of the committee, 7. ,, ordinary meetings, 20.
—	—	9,177,967 10,000,000 11,746,844 37,802,203	1711 1715 1719 1720		*Qualification* of governor £5,000 stock, of a director £2,000 stock.
—	—	20,000	1714		
			1715	21	
5,000	45	225,000			
11,520	10	Nominal 1,152,000 Paid 115,200 For the subsequent changes of capital *vide supra,* p. 410	1719	400	*Voting Rights,* 1 vote for £500 stock, 2 for £1,000 stock, 3 for £3,000, 4 for £5,000, and no more (Charter 1720). *Qualifications,* governor £2,000, sub-governor and deputy-governor £1,500 each, a director £1,000.
19,740 call	5 5	98,198$\frac{3}{4}$* 97,850	1720		*Voting Rights* and *qualifications* the same as those of the Royal Exchange Assurance. * On 170 shares only part of the calls were paid and these shares were forfeited. The figures given relate to the Marine Undertaking only for 1720.

DIVISION XV.

STATEMENTS RELATING TO THE CROWN AND NATIONAL FINANCES.

STATEMENTS RELATING TO THE CROWN AND NATIONAL FINANCES.

The condition of the Crown and the national finances re-acted in so many ways upon industrial progress that some account of these is necessary in further explanation of the references to this subject in Part I. Fortunately it will not be necessary, in a work such as this, to attempt more than to present some definite indication of the financial situation at different periods, which may be most clearly accomplished by a series of abstracts of estimates of revenue and expenditure, with notes of the amount of the debt. These statements are to be regarded as supplements of, not substitutes for, those already in print, and therefore, in point of time, they will be found to be unequally distributed.

The whole period, dealt with in this investigation, may be subdivided, with respect to existing information on the finances, into four divisions. For the first, which extends to 1600, little that is reliable has been printed and this epoch will be found somewhat copiously illustrated in the financial statements which follow. The second period extends from 1601 to 1668[1]. Here the labours of Gardiner and Dr W. A. Shaw[2] have provided very full material. A few additional documents have been used, but most of these are in such a form that they are capable of condensation as footnotes in the first volume. There is one exception, namely Statement J, which shows the position of the administration of Charles I. on the eve of the Civil War.

A third period begins in 1668 and continues till the Revolution. To supplement the defective state of our knowledge of the finances in these years Statements K to R have been compiled. The first of these (K) gives both estimated and actual revenue and expenditure from 1668 to 1678. Beginning with 1679, there follows a series of annual accounts both of the Receipts and Issues of the Exchequer till the Revolution. These are based on MSS. at the Bodleian Library, which have been tabulated so as to show, as far as possible, the cash position from year to year.

[1] The date to which *The Calendars of Treasury Books,* that have been published at the date this account has been written, extend.

[2] Gardiner, *History.* (The financial tables in the larger edition of the earlier parts are much fuller and more detailed.) The Introductions to *The Calendars of Treasury Books,* by Dr W. A. Shaw.

After the Revolution, owing to the greater control of Parliament over the finances, *the Journals of the House of Commons* afford much valuable information[1]; while a detailed series of the accounts of the Revenue and Expenditure, beginning with the Revolution, is being published in *the Calendars of the Manuscripts of the House of Lords.* So much depends on the state of the debt, that it appeared advisable to continue the series of annual statements of receipts and issues till 1694, at which date the funding of the debt began[2]. Unfortunately there are some quarterly accounts missing and others imperfect in the Bodleian MSS., and therefore it has been necessary to complete the annual statements by data from MSS. at the British Museum. There is a difference in the methods of accounting in the two series to which attention may be drawn, as it has an important bearing in the making of comparisons. The "Books" at the Bodleian record, under the head of "receipts," the sums received from borrowings, and conversely, under "issues," the repayments of principal together with the interest. The British Museum MSS. give only the excess of debt contracted over debt paid off or *vice versa.* It may be added that the various statements after 1668 have been designedly compiled from documents other than those at the Record Office, since it is to be hoped that eventually, by the continuation of *the Calendars of the Treasury Books*, a series of abstracts from the material at that office will be printed.

Subject to these remarks, the financial statements of the greater part of the seventeenth century should be intelligible. It is otherwise with those of the Tudor period, which relate to transactions, conducted by somewhat different methods of accountancy. In fact, just at this time, several systems of recording the revenue and expenditure were in vogue, which must be distinguished. It is for this reason that the Elizabethan statements have been printed with some detail, in order to bring out clearly these points of difference. To show the need of definition the following are all correct specifications of "the revenue" for the year Mich. 1588 to Mich. 1589:

	£	s.	d.	
(1)	420,577	18	9¾	Whole revenue or gross revenue.
(2)	392,470	18	9¾	(1) exclusive of loans.
(3)	384,177	14	4½	Whole revenue *nett, i.e.* (1) less certain special expenses.

[1] The various grants have been printed in a convenient form in *A Collection of the Supplies,* by Sir Charles Whitworth, London, 1765. The total receipts and expenditure of William III. are printed in *The History of the Public Revenue of the British Empire,* by Sir John Sinclair, Appendix IV. (Edition 1804, III. pp. 152–9), also in Somers' *Tracts* (1751), XII. p. 73*.

[2] *History of the Earlier Years of the Funded Debt from* 1694 *to* 1786 [C. 9010], London, 1898.

	£	s.	d.	
(4)	344,742	6	11	Revenue recorded at Exchequer.
(5)	294,819	12	$3\frac{1}{4}$	Gross *Ordinary* Revenue (*i.e.* (1) less Extraordinary Revenue).
(6)	258,419	7	$10\frac{3}{4}$	*Nett Ordinary* Revenue (*i.e.* (3) less Extraordinary Revenue).

The existence of such variety in the returns shows the necessity of the inclusion of details and also the ambiguity in any expression, which records the "revenue of Elizabeth" in a certain year as consisting of a definite sum, without giving the separate items, or else some clue to determine what kind of revenue is intended.

Differences in accounting such as these represent the various ways in which the income of the Crown was regarded at the time, and what is required is that the student of finance should make himself familiar with the Elizabethan point of view. In some respects this, though it answered the needs of the time, seems to anyone familiar with modern finance, a curious one, since it consisted in regarding what was known as "the Ordinary Revenue" as an annual one; whereas "the Extraordinary Revenue" was often collected and disbursed over a period of several years. For this reason anything like an annual balance sheet of the Crown finances was an exception, and was generally compiled for some special purpose, often many years after the year of account had closed[1]. Similarly, the recorded receipts and issues of the Exchequer represent a check on the dealings of the tellers and collectors, in relation to those branches of the revenue entrusted to their care[2].

In many respects what is most fundamental, in the administration of the Crown finances during the Tudor period, was the analogy to the manor. In fact the revenue of the Crown was treated almost exactly like that of a large estate, and in this connection the term—"the manor of England"—was sometimes used to describe the property and income of the sovereign. This analogy is especially close in the case of the Crown lands and need not be insisted on, but it was carried further in the feudal revenue and in that arising from the Customs, as well as from the exercise of various functions of government. Just as the lord of a manor, instead of collecting certain dues himself, might let these at a fixed rent, so many branches of the Crown revenue were "farmed out." This was the practice with the more important portions of the Customs. It follows, then, that the receipts from feudal and land revenue, as well as from Customs and impositions and from the functions of government, were reducible to a rental, and that in any year the income from these sources for that following could be estimated with

[1] *E.g.* the account for 1588–9, Statement D (i), *infra*, p. 516, was drawn up in 1610.

[2] *Ibid.*, E, F, G, H, pp. 518–25.

considerable precision. Indeed it would appear that, if due regard were paid to any new arrangement, made with regard to renewal of farms determining, the receipts to be expected from these sources could be always forecasted for the coming year with exactitude. This was so subject to several provisos. The most important of these was that the farmers of the Customs were generally protected by a clause in their lease, under which, should the actual receipts fall below the rent payable, they were entitled to a rebate; and, in a year where this deduction was made, the actual Crown revenue would be proportionately reduced. If there be added to these sources of income the First Fruits and Tenths of the Clergy with some other miscellaneous incomings, the conception of what is known as *the Ordinary Revenue* is reached, which was expected to suffice for the normal outlay of the government and the court[1]. In dealing with that outlay, the same system was adopted. A certain sum was agreed upon for each of the main spending departments, which was payable monthly to those receiving most, and quarterly or half yearly to those obtaining less. The sum of these grants constituted *the Ordinary Expenditure* and therefore the determination of the financial position, as far as Ordinary Revenue and Expenditure was concerned, became exceedingly simple, since one or both was regarded as relatively fixed for short periods.

Necessarily there would be a surplus either of Ordinary Revenue over Ordinary Expenditure, or conversely. In the former case, such surplus was available for defraying Extraordinary Expenditure and to that extent it prevented the necessity of raising as much Extraordinary Revenue. The system of allocating fixed sums to the different departments was wanting in elasticity, and it frequently became necessary to augment these grants. Even when such augmentation was permanent, as for instance that occasioned by the rise in prices in the reign of Elizabeth, there was a tendency to maintain the old rate of allocation as the Ordinary Expenditure and to treat the additions to it as Extraordinaries. The other great extraordinary outlays were those on war and the repayment of loans with the charge for interest. Under the same head, though these were comparatively rare in the time of Eliza-

[1] This was expressed by the phrase "that the king should live of his own"—*The Antiquities and Curiosities of the Exchequer*, by Hubert Hall, London, 1898, p. 183; cf. the speech of Sir Nicholas Bacon in Parliament 1571—"Like as the ordinary charge has always been borne by ordinary revenues, so the extraordinary charge hath always been sustained by an extraordinary relief. This to those that be understanding is known, not only to be proper to Kingdoms and Empires but also is, and hath been, a necessary peculiar pertaining to all Common-wealths and private states of men from the highest to the lowest; the rules of reason hath ordained it so to be"—*The Journals of all the Parliaments during the reign of Queen Elizabeth*, collected by Sir Simonds D'Ewes, London, 1682, p. 137.

beth, are to be classed the purchase of lands, gifts in money and, generally speaking, any other disbursements, not provided for by the ordinary charge.

To meet these, there was the Extraordinary Revenue and the surplus, if any, from the Ordinary Revenue. In the second half of the sixteenth century, the former consisted of the grants from Parliament, the sale of Crown property, the proceeds of prizes and the sums realized by loans. Here, as in the Ordinary Revenue, it was usual to ear-mark certain funds for certain purposes, by setting aside definite receipts to meet special disbursements. When, as in the case of a military or naval expedition, these extended over a considerable period, the gathering in of the resources for this purpose was similarly protracted; and it was only after a considerable time that the two accounts balanced. Under these circumstances, even were complete annual statements of revenue and expenditure available, such statements would not present the clearest view of the situation. Indeed, this method would involve the forcing of the figures into a mould, to which they are not adapted. For, while the Ordinary Revenue and Expenditure were treated on the basis of a year being the unit, this was not so with the Extraordinaries. It follows then, if data can be obtained for the annual Ordinary Revenue and Expenditure and also for the Extraordinaries over a period of years, that the best results will be obtained by working on a sufficiently enlarged basis, which will include in a single statement all the cognate Extraordinaries.

In this investigation the first step is necessarily to obtain an estimate of the Ordinary Revenue and Expenditure at different dates; and, since the data must be treated comparatively, it is essential that the statements used should either be compiled in the same form, or else should be easily reducible to a single type. An examination of the statements for 1560–1, 1571–2, 1575–6, 1588–9, and the annual average of the five years 1598 to 1603 shows that there are considerable diversities in the mode of presenting the accounts. For the year 1588–9, the Ordinary Revenue is recorded as the whole sums received on account of the Crown, while the Ordinary Expenditure is of two kinds, namely the amounts paid by the collectors, and secondly those accounted for at the Exchequer[1]. This is an exceptional form of account[2]; and, in those of the years 1571–2, 1575–6 and 1598–1603, the sums, "paid by collectors," are represented by "deductions" from the total Ordinary Revenue, and the same method is followed in the estimate for 1560–1[3]. The balance after these deductions may be described as the nett Ordinary Revenue, though this use of the term is liable to give rise to some

[1] *Vide infra*, p. 516. [2] It was drawn up in 1610. [3] *Vide infra*, pp. 512–17.

misapprehension, inasmuch as the deductions belong to two different classes. Some of them consisted of the expenses, connected with the gathering in of the revenue, while others were outlays, arising out of the government of the country, as for instance the Diets of Judges &c. and disbursements at Berwick in 1588–9. The following account of the deductions in 1571–2 (which it was impossible to include in the tabular statement for that year) will show their miscellaneous character.

Details of "the Deductions" 1571–2.

	£	s.	d.
Creations and other inheritances, as well to noblemen as to their heirs and to divers Colleges and Hospitals in perpetuity ...	858	18	1¾
Deductions by act of Parliament [*i.e.* to Sheriffs] and by grants ...	1,043	12	10½
Fees and wages of officials ...	1,404	15	2½
Life-annuities ...	224	0	0
Diets of Justices of Assize, wages of Justices of the Peace, Clerk of the Peace, expenses Sheriffs at Assizes, travelling expenses of prisoners ...	2,787	4	2
Hay for deer in the royal parks ...	43	2	0
Total deductions out of "Ancient Revenue[1]*"* ...	6,361	12	4¾
Fees, salaries, diets and expenses ...	8,086	0	4
Pensions and annuities (which had been in 1561–2 £17,464. 19*s.*) ...	8,577	16	1½
Stipends and salaries of curates and schoolmasters and alms to the poor ...	3,274	16	8½
Repairs ...	673	3	6
Forts ...	3,318	11	8½
Fees and diets of the Lord President and Council of the North ...	1,250	0	0
Fees and diets of the Lord President and Council in the marches of Wales with £250 for Judges in Wales ...	1,356	13	4
Royal stud ...	100	12	2
Total deductions out of the "Revenue, lately annexed to the Exchequer" ...	26,637	13	10½
Deductions, "Hanaper of the Chancerie"—Fees, wages, diets, livery and other allowances to the Lord Keeper and others ...	2,222	2	7
Deductions Butlerage—Accountants' fees ...	100	0	0
Wine allowed for yearly ...	167	13	4
Expenses to auditor ...	10	0	0
Total deductions Butlerage ...	277	13	4

Strictly speaking, the method of including under one head the cost of collecting the revenue, the expense of administering justice in the

[1] The particulars of "the Ancient Revenue" are given in *A Treatise on the Court of Exchequer*, London, 1758, pp. 11–27.

provinces, the repair of forts and miscellaneous pensions was illogical, and was only justified by the convenience of paying out money in the neighbourhood where it had been collected, in order to avoid the charges for sending it to London and back again[1]. This practice gave rise to two important consequences. First what has been called the nett Ordinary Revenue was less than the total Ordinary Revenue after the deduction of charges of collection only. On the other hand, the Ordinary Expenditure is similarly diminished, by these items being taken out of the receipts directly. The chief result of this practice is to render it somewhat difficult to state precisely what the Ordinary Revenue was after providing for the expense of collecting it, but it is fortunate that the balance between Ordinary Revenue and Ordinary Expenditure remains unaffected, and it is with this balance that we are chiefly concerned. Indeed, as will be seen, the great question in the treatment of Elizabethan finance is to what extent the surplus on the ordinary account was available to help to meet extraordinary expenditure. The second consequence of the practice, just mentioned, is that the accounts of the receipts and issues of the Exchequer can only record nett revenue, since the deductions did not come within the purview of the tellers. Moreover they made no clear distinction between ordinary and extraordinary receipts or issues. Not only is it necessary to allow for the fact that the items in these accounts, that are to be classed as Ordinary Revenue, are nett, that is, after the deductions had been made, but also that two important branches, namely the Duchy of Lancaster and the Court of Wards, are omitted. The proceeds of these were dealt with in the following manner. The income of each, up to a specified sum, was assigned to certain departments, and either branch only appears in the receipts, when it yielded something over and above the amount of the assignment on it. Thus the entry in 1599–1600 of £4,000 from the Duchy of Lancaster[2] means that this was additional to £11,000, the amount of the assignment. This is the only case in which there is any increase on the specified sum recorded. Therefore, when the actual receipts or issues of the Exchequer are compared with the nett Ordinary Revenue or Expenditure, it is necessary to add to both sides of the former the amount of these assignments, which, for the period of these accounts, was £11,000 for the Duchy of Lancaster and £12,000 for the Court of Wards, making £23,000 in all. Part, if not the whole, of the income from the Hanaper of the Chancery was similarly treated, also New Year's gifts and temporalities, but the aggregate of these is not

[1] The "porterage" of treasure to London varied from $\frac{2}{3}$ °/ₒ to $1\frac{1}{5}$ °/ₒ, apart from the cost of the guard—Issue Books, East. 34 Eliz.—East. 35 Eliz.—Extraordinary Warrants.

[2] *Vide infra*, p. 521.

large. Similarly the sums realized from prizes are not recorded, and those received from loans contracted or from sales of land are sometimes included, but are also often omitted. Thus, while the latter are stated from 1599–1600, between that date and 1590 there was a separate treasury for these funds, and it is noted that Sir Thomas Sherley, the Treasurer at War for the army abroad, received from May 1586 to April 1597 the sum of £1,320,995. 18*s.* 5½*d.* out of the receipt of the Exchequer or *of the sale of lands*[1]. Thus the question of the comparability of the accounts of nett revenue with the recorded receipts of the Exchequer arises. In view of the limitations of the latter it is to be expected that there would be considerable discrepancies; but, when the different methods are allowed for, the correspondence of the two series is striking. There is an opportunity for making this comparison in the year 1588–9, Michaelmas to Michaelmas. Owing to the year of the Exchequer receipts being from Easter to Easter and the book of the half-year Easter to Michaelmas 1588 being lost, the other half-year (Michaelmas 1588 to Easter 1589) could not be included in the tabulated series of Statement E. Adding that half-year to the one immediately following, a whole year is obtained, which is comparable with the revenue 1588–9 on Statement D. The result may be expressed in the following table:

Comparison of Nett Revenue and Receipts of the Exchequer, Mich. 1588 *to Mich.* 1589.

			£
A.	Receipts of the Exchequer		344,742
	Add Duchy of Lancaster and Court of Wards		23,000
	New Year's Gifts and Temporalities...		2,632
	Hanaper of the Chancery (estimated)[2]		5,000
	Prizes and Benevolence		9,298
	Total nett Receipts, Ordinary and Extraordinary ...		384,672
B.	Whole Revenue	£420,577	
	Less deductions	36,400	
			384,177

[1] State Papers, Domestic, Elizabeth, CCLXIII. 122.

[2] In the account of the revenue 1588-9 (*vide infra*, p. 516) the Hanaper of the Chancery is included with the Alienation office. The income from the former was £3,669 in 1575-6 and £8,483 on an average from 1598 to 1603 (in the Statement D (i) the item "Hanaper" includes Hanaper of the Exchequer also). As there was a great effort made to increase the revenue after 1590, the receipts from this source are estimated at £5,000 for 1588-9. There is some difference between the two accounts in the treatment of debts—the Exchequer receipts noticing only Installed Debts while the revenue account gives this heading and money borrowed as well, but the totals nearly agree. The following are the details:

	Exchequer receipts	Account of revenue
	£	£
Installed Debts	36,175	9,177
Loans	—	28,107
Total		37,284

Turning now to the accounts of the issues of the Exchequer, an important difference is to be noticed between Statements G and H and those printed by Gardiner in his *History* for the following years. The former show the actual payments, recorded as made in each year, whereas Mr Gardiner endeavoured to state, not the actual disbursements, but the charges incurred, irrespective of the date when they were discharged[1]. It seems to me safer to deal with the actual payments of each year, leaving it to the state of the debt to show how far liabilities beyond these had been contracted.

Like the receipts, the issues of the Exchequer have their limitations. They do not distinguish between Ordinary and Extraordinary Expenditure, and they present only a very partial view of the payments of principal or interest on account of borrowings. The first defect is capable of remedy by deducting the Ordinary Expenditure from that recorded, while the balance (if any) will constitute the Extraordinary Expenditure. The chief value of these statements consists in comparing one year with another, with reference to the growth or decrease of outlay under some special head; and further, when cautiously used, they afford some check on a different type of documents, such as those summarized in Statement I.

Bearing these facts in mind, it becomes possible to make some attempt to reconstruct the general course of Elizabethan finance, and thereby to provide a more connected account of it than it was possible to give in Part I. of the present work. The nett Ordinary Revenue, during the reign of Mary, averaged about £200,000 a year[2]. When Parliament met in 1559, steps were at once taken to recover the annual Tenths and First Fruits of the Clergy which had been remitted by Mary. These additions were expected to produce over £26,000 a year clear[3], but the actual yield in 1562–3 was under £19,000 and less than £17,000 in 1564–5[4]. It would appear then that the Ordinary Revenue of Elizabeth, during the first twelve years of her reign, should have been on an average upwards of £220,000, indeed the estimate for 1560–1 and the two following years places it at £246,000[5]. This proved to be an overestimate, and the actual Ordinary Revenue of 1558–9 and 1559–60 was subject to great decreases in the subsequent years, through exceptional and unforeseen circumstances. The joint effects of outbreaks of plague

[1] *History*, 1603–16 (1863), II. pp. 423–4.

[2] This figure is arrived at by taking the average of the receipts of the Exchequer during the reign of Mary (printed in *Calendar of State Papers, Foreign Series*, 1559–60, p. cxv), deducting the estimated amount of the subsidies (*vide infra*, p. 526) and adding the income of the Duchy of Lancaster and the Court of Wards (*ibid.*, pp. 512, 513).

[3] *Ibid.*, p. 512. [4] *Ibid.*, p. 513.

[5] *Ibid.*, p. 512. The estimate for 1560–1 includes an extraordinary item of £30,000 arising out of gross profit on the re-coinage.

and other interruptions of commerce occasioned a serious reduction in the proceeds of the customs and impositions. Thus the actual customs collected on cloth, during the three years 1561–2, 1562–3, 1563–4, show a decrease of over 40 per cent. as compared with 1558–9, 1559–60 and 1564–5, though the latter were not specially prosperous[1]. The recorded ordinary revenue, after adding the estimated income from the Duchy of Lancaster and the Court of Wards, came to £190,000 from Mich. 1562 to Mich. 1563 and to £178,000 from Mich. 1564 to Mich. 1565[2]. Since moreover it was no more than £209,912 in 1571–2[3], it may be estimated that for the first twelve years of the reign of Elizabeth the nett Ordinary Revenue was rather under than over £200,000 a year on the average.

One of the first acts of the administration of Elizabeth was the overhauling of the whole machinery of the government, and drastic reductions were made in the Ordinary Expenditure which was fixed in 1560–1 at £134,760 a year. Since it remained at almost the same sum in 1571–2[4], the average of the two may be taken as the charge under this head up to 1570. There are some omissions in the estimate, especially in the case of Ireland, where the Ordinary Revenue did not suffice for the Ordinary Expenditure. Since however it was long before accounts were available, this item was allowed to run on[5].

The thorough investigation of the financial situation in 1558–9 had other results. It was found that there was a total debt outstanding of £227,910. 19*s*. 8*d*., of which £106,649. 5*s*. 8*d*. was due abroad[6]. Interest on the latter, including commissions and charges for renewals, was between 12 per cent. and 14 per cent., which was described in 1559 as a "biting" charge and elsewhere as an "eating corrosive[7]." The large amount of the debt was not only dangerous, in so far as the interest made inroads on the surplus of the Ordinary Revenue over Ordinary Expenditure, but also, since the various loans were all due for repayment at early dates and Elizabeth's position was so insecure, there might be great difficulty in obtaining renewals. This was a case which might have appropriately been met by a grant from Parliament, but the situation was so critical in 1559 and 1560 that there were even more urgent

[1] Total Customs on cloth, three years 1558–9, 1559–60, 1564–5, £139,420; three years 1561–4, £80,840—*A History of the Custom-Revenue in England*, by Hubert Hall, London, 1892, II. p. 234.

[2] *Vide infra*, p. 513.

[3] *Ibid.*, p. 514. The influence of the sales of land, to be noticed below, tended to check the recovery of the Ordinary Revenue, since there was *pro tanto* a loss of rent.

[4] *Ibid.*, p. 515.

[5] *Acts of the Privy Council*, 1558–70, pp. 14, 50, 54, 58, 66, 192, 259, 276.

[6] *Vide infra*, p. 510.

[7] *The Journals of All the Parliaments during the reign of Queen Elizabeth*, collected by Sir Simonds D'Ewes, London, 1682, pp. 13, 245.

demands on the finances. The country was ill-prepared to defend itself against any of the foreign attacks which appeared to threaten at the beginning of the reign of Elizabeth. The Ordinary Expenditure of £12,000 a year on the Navy would be far from sufficing, if this force was to be efficient. Further, only £1,000 a year was allowed for ordnance, and it was known that munitions of all kinds were required, as soon as possible and in immense quantities. Therefore, although the Ordinary surplus appeared considerable, it would not suffice for either of these pressing charges, much less for both. It is true that, at the accession of Elizabeth, there were the arrears of the last parliamentary grant, made to Mary, but these would barely suffice to pay for the funeral of the one and the coronation expenses of the other sovereign[1]. When Parliament met in January 1559, the position was anxiously considered, and the situation was summed up by Sir Nicholas Bacon, the Lord Keeper, in the following terms—"If a man consider the huge and most wonderful charge, newly grown to the Crown, more than ever hath heretofore been wont and now of necessity to be continued; as first, the maintenance of garison in certain places on the sea coasts, as Portsmouth, with new munition and artillery, besides the new increased charge for the continual maintenance of the English navy to be ever in readiness against all evil happs[2]; the strongest wall and defence that can be against the enemies of this island; and further also the new augmentation or charge for the maintenance of a garison at Barwick and the frontiers northward. Indeed, I must confess that in those matters mine understanding is but small and mine experience and time to learn, less; but in mine opinion, this doth exceed the ancient yearly revenue of the Crown. Besides, that double so much is of necessity to be presently spent, about the fortifying of those places in buildings[3]." The "ancient revenue of the Crown" may be taken at £100,000 a year nett[4], so that thrice that sum represents £300,000. The grant, made by this Parliament, realized £191,000[5], so that, if the whole programme were to

[1] In Cobbett, *Parliamentary History of England*, I. p. 1066, these outlays at the accession of James I. were given at £50,000. The sum charged on the office of the Wardrobe for the funeral of Mary was £7,622. 19*s*. (State Papers, Domestic, Elizabeth, I. 33; cf. *Calendar, Foreign Series*, 1558–9, p. cxxviii; *Diary of Henry Machyn, Citizen and Merchant-Taylor of London*, 1550–63 (Camden Soc. 1848), pp. 182, 183.

[2] Mr Oppenheim (*Naval Tracts of Sir W. Monson—Publications Navy Records Soc.*, XXII. p. 8) takes the Ordinary charge of the Navy—at first £12,000 (cf. *infra*, p. 512), in 1564 £6,000, soon afterwards £7,695 (cf. *ibid.*, p. 515)—as representative of the whole outlay on this branch. It only provided for the expenses of the ships in port—Add. MS. (Brit. Mus.) 34,729, f. 6.

[3] D'Ewes, *Journals, ut supra*, p. 13.

[4] "Revenue of the Pipe" in Statement B (i), *vide infra*, p. 512.

[5] *Ibid.*, p. 526.

be carried out, the surplus from the Ordinary Revenue would have to be drawn upon to the extent of £109,000. Though there was an average surplus at this time of about £65,000, it was necessary to pay interest on the foreign debt regularly, and this charge would require about £15,000 a year, reducing the annual balance available to £50,000. Thus the scheme for the defence of the country would have required, besides the grant from Parliament, the available surplus from the Ordinary Revenue till the end of 1560.

Financial Estimate 1559 (Jan.—Feb.).

		£
Sir N. Bacon's estimate of the sums required for the defence of the Realm		300,000
To meet which charge there was available—		
(1) The Subsidy of 1559	191,000	
(2) Surplus from Ordinary Revenue till end of 1560, after paying interest	105,000	
		296,000

Very soon after the scheme for the re-arming of the country had been agreed upon, further resources were required, through the cost of the expedition sent to Scotland in 1559. There were thus three main claims on the surplus Ordinary Revenue and the subsidy of 1559. First those for munitions, for the payment of loans and interest at the dates agreed on and, lastly, to keep the army and the fleet supplied. The strain on the finances is manifested by the numerous and urgent demands upon the Exchequer and the immense difficulty found by Winchester, the Treasurer, in providing funds[1]. It shows the determination of Elizabeth that, in spite of the fresh calls on the resources of the Crown, the original re-armament scheme was carried out as far as possible, and in 1560 a single account of Gresham's for munitions came to £108,956. 13*s.* 4*d.*[2] This course involved the temporary financing of the cost of the operations in Scotland—a difficult operation at this period. There was just one method by which this could be effected, namely by using the purchases of munitions in the Low Countries as a lever for obtaining increased loans there. This proved effectual for the time, and on April 15th, 1560, the debt due at Antwerp was returned at £279,565. 10*s.*[3] So great obligations abroad, added to those at home, made the financial situation one of great danger, especially since the interest and charges on the foreign debt absorbed more than half the surplus Ordinary Revenue. Rather than

[1] State Papers, Domestic, Elizabeth, XII. 20, 53.

[2] *The Life and Times of Sir Thomas Gresham,* by John William Burgon, London, 1839, I. p. 479.

[3] *Ibid.,* I. p. 490; *Calendar State Papers, Foreign,* 1558–9, p. 569.

appeal to Parliament, Elizabeth decided to sell a part of the Crown lands. The proceeds in 1561 came to £171,866. 15*s.* 6*d.*[1] By a return, dated April 30th, 1562, the debt at Antwerp was reduced by almost exactly this amount, being £109,213. 6*s.* Flemish[2]. Since however there were no funds, beyond the surplus Ordinary Revenue or sums diverted temporarily from the grant for munitions and fortifications, to meet the outlay on the operations in Scotland, which had cost £178,820[3], the condition of the finances remained unsatisfactory. The situation was complicated by the large sums required for the Newhaven Expedition, on which £246,380 was spent[4]. To relieve the stringency, which was often very serious, in the Parliament of 1562–3 a grant was made, payable in 1563, 4, 5, which produced £207,722, and to this is to be added that of the clergy. As these various monies came into the Exchequer, debts were paid and by May 20th, 1565, the obligations, then outstanding, were returned at £85,144[5]. It appears however that this statement is somewhat too favourable, since it does not take account of loans on Privy Seals, a method by which the supplies from Parliament were anticipated, without interest being paid. Taking this fact into account, and also that, except towards the close of the reign, these borrowings were punctually repaid, the Privy seals may be neglected, as long as the chief outlays on the one side and the extraordinary income towards balancing them on the other are treated together in their order. It was hoped, by the grant from Parliament of £109,000 in 1556, payable in 1567, 8, 9, the cost of warlike expeditions could be extinguished, but it unfortunately happened that the outbreak of O'Neil's Rebellion involved further expense. Since the accounts were not closed till 1573, the treatment of this outlay may be conveniently postponed until after 1570; but, within the period 1561 to 1570, there are included the additional disbursements, due to Norfolk's Rebellion, which amounted to £92,932[6]. Since all the subsidies of the clergy and laity, granted up to 1566, were due to have been paid by 1569, it will be convenient to present a view of the whole financial operations in a concise form for the ten years from 1561 to 1570, including therein the providing of funds for the Scottish Expedition, but excluding those for the first years of O'Neil's Rebellion, which were met by loans on Privy Seals, payable out of the Parliamentary grant of 1571. First of all there was the Extraordinary Expenditure of the Scottish and

[1] State Papers, Audit Office, Declared Accounts 593/1, The Account of Thomas Gardner (1561).

[2] Burgon, *Life of Gresham, ut supra,* I. p. 490.

[3] *Vide infra,* p. 527. [4] *Ibid.*

[5] *Ibid.*, p. 511. In Feb. 1566 the loans in the Low Countries were stated to have been £192,500—*Calendar State Papers, Foreign,* 1566–8, p. 21.

[6] *Vide infra,* p. 527.

Newhaven expeditions and on Norfolk's Rebellion. These outlays amounted to £518,132[1]. Taking the debt, due at home, in Flanders and to the assigns of the Genoese bankers, at £100,000 in 1570, there would have been a sum of £127,900 paid off on balance[2], making a total Extraordinary Expenditure under these heads of £646,032. To meet this there had been realized by Parliamentary grants £376,722 and by sale of lands £171,866, making total Extraordinary Receipts of £548,588 leaving a deficit, as compared with the specified Extraordinary Expenses, of £97,444. This deficit must be deducted from the surplus of £65,000 a year from the Ordinary Revenue, reducing it to one of about £55,000 annually on an average on both accounts. The question next arises as to how that surplus was dealt with. The personal expenses of Elizabeth and of the Court were kept very low, nor were any considerable gifts of money made—"The Queen," Sir Robert Naunton writes, "was never profuse in the delivering out of her treasure but payed many, and most of her servants, part with money and the rest with grace...We have not many presidents of her liberality or of any large donatives to particular men...Her reward consisted chiefly in grants of leases of offices, places of judicature but for ready money and in any great summes, she was very sparing which we partly conceive was a virtue rather drawn out by necessity, then her nature, for she had many layings out, and to her last period[3]." Failing personal expenditure of Elizabeth or any considerable gifts to her favourites, there were many items of further Extraordinary Expenditure. Interest on such part of the loan as had been borrowed abroad, or in certain instances at home, had to be paid. This accounts for a considerable sum up to the time when sufficient of the proceeds of the sales of Crown lands had been used for the reduction of debt, and it continued an important element till 1570. Then, after the provision made for the purchase of munitions and the increase of the Navy to the end of 1560, there were still great Extraordinary Expenses in connection with both these branches, beyond such as were included in the accounts of the Scottish and Newhaven expeditions[4]. Further, after the forces had returned from Scotland, money was sent there, while

[1] *Vide infra*, p. 527. [2] *Ibid.*, p. 510.

[3] *Fragmenta Regalia, or Observations on the late Queen Elizabeth,* by Sir Robert Naunton, 1642, pp. 7, 29. Elizabeth, however, was in the habit of making loans to her favourites, some of which were afterwards remitted. Thus by a return, dated 1579 (State Papers, Domestic, Elizabeth, CXXXI. 49), she had lent £32,600 within the realm. Of this £1,900 was due by the society of Mines Royal (*vide supra*, II. p. 391), £3,000 by Sir Rowland Hayward and others of the City of London. Of the balance, as much as £21,000 had been lent to the Earl of Leicester.

[4] D'Ewes, *Journals, ut supra,* pp. 79, 131; Cobbett, *Parl. Hist.* pp. 635, 716. D'Ewes states that the third payment of the subsidy (made in 1566), and due in 1568–9, was remitted by Elizabeth.

there were yet further extraordinary outlays in the carrying on of the home government, occasioned by the need for frustrating real or imagined plots against Elizabeth. Closely connected with these, again, were the payments, that had to be made, for other secret or special services; so that altogether the surplus from the Ordinary Revenue had very many calls upon it; and, Elizabeth was far from being in a position to carry out many of her designs, through want of sufficient funds. In fact it was only the stringent supervision of her Ordinary Expenditure that enabled her to accomplish so much.

The various items of Extraordinary Expenditure and Revenue can be again co-ordinated ten years later towards the close of 1580. The outlay on the Rebellions in Ireland, to be paid from 1571 to 1580, came to £485,401[1]. Further, since at the end of 1580 Elizabeth had paid off the loans bearing interest[2], there was a reduction of debt on balance of £100,000 making total extraordinary disbursements, under these heads, of £585,401. The subsidies of the laity and clergy, voted in 1571 and 1575–6, the last instalment of which was payable in 1578, realized £416,852, leaving a balance to be borne by the surplus of the Ordinary Revenue, amounting to £168,549. Great economy continued in the Ordinary Expenditure, that for the year 1571–2 being below the estimate of 1560–1. Four years later (1575–6) the whole ordinary outlay was £17,500 larger, but the difference is accounted for by the inclusion of "Ireland," to which a grant of £20,000 was now made; so that, apart from this new charge on the Ordinary Revenue, the Ordinary Expenditure in 1575–6 showed a small decline compared either with 1560–1 or 1571–2. This achievement was all the more creditable in view of the rise in prices which had now begun. Taking the average Ordinary Expenditure of these two years at £140,000, as representative of the whole decade, and similarly the Ordinary Revenue at £210,000 there was a surplus of £70,000 a year[3]. From this has to be deducted the deficiency of the Extraordinary Revenue, which over the whole ten years averaged £17,000, annually, leaving a surplus, available for other Extraordinaries of something over £50,000 a year. From 1571–1580 the interest on loans was very considerably less than it had been in the previous decade. It was not as if the debt at interest had been gradually and progressively reduced from 1571. Rather, great efforts had been made from 1571 to 1574 to effect large repayments, as much as £59,670. 15*s*. 4*d*. having been extinguished in the year 1573–4 (Mich. to Mich.)[4]. This happy result was alluded to in Parliament in 1576 as the delivery "of this kingdom from a great and weighty debt, wherewith it hath been long burdened. A debt

[1] *Vide infra*, p. 527. [2] D'Ewes, *Journals*, p. 287. [3] *Vide infra*, pp. 514, 515.
[4] Eg. MS. (Brit. Mus.) 2,723, ff. 57 b, 60 b (The Accounts of Sir T. Gresham and Spinola).

begun four years at the least before the death of King Henry the Eighth and not cleared until these two years, and all that while running upon interest, a course able to eat up not only private men and their patrimonies, but also Princes and their estates; but such hath been the care of this time, as her Majesty and the State is clearly freed from that eating corrosive, the truth whereof may be testified by the citizens of London, whose bonds under the common seal of the City of assurance of payment being usually given and renewed and which have hanged so many years to their great danger and to the peril of the whole traffic[1] are now all discharged, cancelled and delivered into the Chamber of London to their own hands[2]." While this statement may be accepted as applying to the debt in Flanders and at home, there appears reason to believe that there remained in 1576 a liability to the assigns of the Genoese bankers, who had consigned the treasure to Alva in 1568, which had been detained by Elizabeth. If this particular loan had been temporarily paid off in 1576, fresh borrowings were made from the same lenders almost immediately afterwards. These appear to have been repaid by the end of 1580. Besides the provision of interest out of the surplus Ordinary Revenue, there was the assistance which continued to be given to the Protestants in Scotland and France, and (towards the end of this period) to those in Flanders. Part of the latter, which up to 1580 amounted to £50,000, was borrowed by Elizabeth herself and re-lent[3], while the remainder was furnished from her own resources, so that, under the form of statement here adopted, it would be drawn from the surplus Ordinary Revenue. In addition, the exceptional outlay on the Navy and Ordnance, which could not be allocated to any special war or expedition, continued. According to one series of accounts, from Easter 1570 to Mich. 1571 and again from Mich. 1573 to Mich. 1574 the excess, over the sum allowed in the Ordinary Expenditure, averaged over £20,000 per annum[4].

[1] The loans in Flanders were made on the security of the City of London. Should Elizabeth default, the goods of merchants were liable to seizure. Cf. "We ar informed that the factors of Brocktropp and Rantzom, (to whom we ar indebtted in sondry sommes of monny, payable this August) ar come to Antwerp; and doo so persist in the demand of there monny, as, if they may not have therof redy payement, they will procede by order of law and arrest these; wherin you and our Merchants shall be in danger, besyde some touch of discreditt."—Cecil to Gresham, Aug. 26, 1563, quoted in Burgon, *Life of Gresham*, II. p. 28 (note).

[2] D'Ewes, *Journals, ut supra*, p. 245.

[3] *Life of William Davidson*, by N. H. Nicolas, London, 1823, pp. 8, 9.

[4]

	1570–1, 18 months	Ordinary, 18 months	1573–4, 12 months	Ordinary, 12 months
	£	£	£	£
Ordnance ...	23,567	9,000	16,688	6,000
Forts	1,485		1,446	
Navy	18,375	11,542	22,501	7,695
Totals	43,427	20,542	40,635	13,695

In the same accounts the gifts made in money amounted to only £1,300 in the first

Again after a space of ten years the various parts of the Extraordinary Expenditure and Revenue can be balanced in October and November 1590. In the endeavour to reconstruct the finances from 1580 to 1590 there is a preliminary difficulty which must be first dealt with. In the closing months of 1580 Elizabeth received her share of the plunder, brought home by Drake from his expedition in the Pacific. Since the amount was large, the receipt of it raises the question of the effect on the finances of such extraordinary gains. The main effect of subsequent captures, from one point of view, was that these were off-set against the cost of the specific cruise in which they were taken. Since, however, this element in the receipts was uncertain, and, after 1590, it was considerably less than the outlay, the situation will be clearer, if, as far as possible, the value of prizes is included under the extraordinary receipts, and the expenditure on minor naval expeditions added to that of the greater ones, though the former is not included in the account of the war-expenditure. With regard to sums received by Elizabeth from this source from 1580 to 1590, there is first of all the portion of the plunder of Drake's voyage of 1577 to 1580 to be taken into account. If the calculations, made elsewhere[1], are approximately correct, she received from this source between £250,000 and £300,000. The share she had in the expedition, also of Drake in 1585, resulted in a loss to her of £4,000, but her venture in that of 1587 yielded a profit of between £42,500 and £45,000[2]. Any gain from "the Portugal Voyage" of 1589 would go to reduce the outlay on it, while in the same year a cruise of Frobisher resulted in prizes valued at £15,000[3]. To these may be added any returns from the ventures of Cumberland in 1589 and of Hawkins and Frobisher in 1590. Finally, there was the value of the Armada prizes, though the income from this source from Mich. 1588 to Mich. 1589 is given at only £4,878[4]. On the basis of these figures, the gain to the Crown from prizes, either in money or in kind may be estimated at £350,000 during the ten years. Turning now to the cost at which the Crown obtained these receipts, there is first of all the case of Drake's expedition of 1577–80. If Elizabeth was a shareholder to the extent of 1,000 crowns, as asserted, this outlay would fall within the

18 months and to £350. 13*s*. 9*d*. in the second 12 months—Brit. Mus. Eg. MS., 2,723, ff. 2 b, 3 b, 4 b, 47 b, 73 b, 75 b, 10 b, 11 b, 67 b, 68 b, 20 b, 21 b, 70 b, 71 b.

[1] *Vide supra*, Part I., Chapter IV.

[2] *Ibid.*

[3] *The Naval Tracts of Sir W. Monson*, ed. by M. Oppenheim (*Publications Navy Records Soc.*, XXII. p. 239).

[4] *Vide infra*, p. 516.

previous decade, and she would be entitled to her dividend thereon of 4,700 per cent. She subscribed £10,000 in cash to Drake's next voyage, and, as an adventurer of her ships, she would have to victual them. On the basis of the ratio ruling at the time, this expenditure may be taken at £7,000[1]. Then the expeditions of Frobisher and Hawkins (1589 and 1590) together cost £17,275[2], but much larger than any of these was the Portugal Voyage. Elizabeth first intended to contribute £20,000, but she was eventually compelled to disburse £61,019[3]. Therefore the cost of the series of expeditions may be taken at £101,019, or omitting the Portugal Voyage at £40,000. Thus an expenditure of £100,000 produced £350,000 in prizes; but, on analyzing the figures, it will be noticed that the bulk of the gain depends on the inclusion of the estimated amount received from Drake's expedition into the Pacific—a profit of the nature of a fortunate chance, that was unlikely to be repeated. Apart from this sum, the receipts from prizes from 1580 to 1590 came to about £75,000, as against an outlay of £100,000 on the expeditions.

This expense was inconsiderable as compared with the disbursements, connected with operations on land. In 1581 and 1582 as much as £631,071 had been sent to the Duke of Alençon[4], while the cost of the army in Flanders from 1585 to 1590 was £663,850. The outlay on the defeat of the Armada was returned at £161,185, and on the Portugal Voyage at £61,019[5]. To these expenses are to be added other naval expeditions of the period, also the cost of three different armies sent to France from 1587 to 1590, the latter amounting to £46,468. 15*s.*[6] This sum was over and above a loan to Henry of 300,000 crowns (or £30,468. 15*s.*) in 1586, which Elizabeth herself borrowed through Pallavicino[7]. Then there was the subsidy to James of Scotland. By November 1596 the total for sixteen years had reached £51,500, and on the average £32,000 of this would fall within the ten years 1580 to 1590[8]. Taking these various items of Extraordinary

[1] Hawkins' Book of the Whole Navy—State Papers, Domestic, Elizabeth, CLXXXV. 33, printed in *Papers relating to the Navy*...1585–7, edited by G. S. Corbett (*Publications Navy Records Soc.*, XI. pp. 270–4).

[2] State Papers, Domestic, Elizabeth, CCXXXIV. 75.

[3]

The Portugal and Cadiz Voyages cost the Crown (*vide infra*, p. 527)	£112,652
The outlay on the Cadiz Voyage was (State Papers, Domestic, Elizabeth, CCLXV. 68)	51,633
Portugal Voyage	£61,019

[4] State Papers, Foreign (France), x. 158.

[5] *Vide infra*, p. 527.

[6] State Papers, Domestic, Elizabeth, CCLXV. 102.

[7] *Ibid.*, CCLXXI. 84.

[8] *Ibid.*, CCLXVI. 121.

Expenditure the Crown had to find upwards of £1,650,000 from 1580 to 1590:

		£
Duke of Alençon	... ...	631,071
Cost of operations in Flanders, 1585 to 1590	... ...	663,850
Resisting the Armada...	... ...	161,185
Expedition to Portugal	... ...	61,019
Other naval expeditions	... ...	40,000
Operations in France, 1587-90	... ...	46,468
Subsidy to James VI. of Scotland, 1580-90	... ...	32,000
		1,635,593

To meet this great expenditure there were the prizes (including that taken by Drake in his voyage round the world), which may be estimated to have produced for the Crown £350,000. The grants of the clergy and laity during the period realized £754,097[1], making together £1,104,097, which still left £531,496 to be provided. To meet this deficit Crown lands were sold, which realized from 1589 to November 26th, 1590, £126,305[2]. Of the £400,000 still remaining, a part was found by borrowing. According to a statement made by Salisbury in Parliament in 1610, the loan outstanding in 1588-9 was £200,000[3], and it is improbable that this had been materially reduced on balance at the end of 1590. This left £200,000 to be found from the surplus Ordinary Revenue[4]. Turning now to the Ordinary account, it may be estimated that, during these ten years, there was an annual surplus of about £70,000 a year. Though the nett revenue had increased considerably between 1575-6 and 1588-9, the Ordinary charge had also grown, with the result that, as compared with the previous decade, the surplus remained unaffected. The deficit on the Extraordinary Revenue would reduce this Ordinary surplus to £50,000 annually on an average. Further there remain a number of expenses still to be taken account of, and which had to be paid from this source. Successive Catholic plots had added to the cost of government at home. Thus in 1588-9 there

[1] *Vide infra*, p. 526.

[2] State Papers, Domestic, Elizabeth, CCXXXVIII. 30. Up to 1592 the proceeds were £130,462. 9*s.* 3½*d.*—Audit Office, Declared Accounts 593/2 (Account of Thomas Freke, 1589-92).

[3] *Journals of the House of Commons*, I. p. 395.

[4]

War-expenditure	... ...		£1,635,593
Subsidies...	... ...	£754,097	
Prizes	... ...	350,000	
Lands	... ...	126,305	
Loan	... ...	200,000	
			1,430,402
Balance	... ...		£205,191

was spent, extraordinarily, as much as £30,000[1] on Secret Service; and, although the need for intelligence must have been specially great in that year, the outlay in this way over the whole period was large[2]. Then the imprisonment of Mary of Scotland, as well as the expenses of the English agent in Scotland, had to be paid for out of the small balance remaining of the ordinary surplus. Further, doubts as to the intrigues of Spanish emissaries in Scotland occasioned further expense in the strengthening of the defences on the borders and the increase of garrisons there. Thus the outlay on Ordnance in the North Parts, which had been under £500 a year from 1569 to 1576, was increased to £2,750 per annum on an average from 1576 to 1583[3]. Finally, with the renewal of borrowing on a large scale, funds had once more to be found for those, who lent money at interest.

The various extraordinary receipts and payments from the end of 1590 till the close of the reign of Elizabeth naturally group themselves in a single series. First of all there were the naval expeditions. The cost to the Crown of the fleet, commanded by Howard in 1591 was £17,349[4]; Elizabeth subscribed £3,000 to the venture of Raleigh in 1592[5], and that of Drake and Hawkins in 1595–6 cost her at least £28,000[6], or altogether £48,349. The larger expeditions, known as the Cadiz and Island Voyages involved an outlay of £121,240[7], making a total of close on £170,000 up to the beginning of 1598. During these seven years there was other expenditure on the fleet; and, if £30,000 be added to cover this, an approximate estimate of the extraordinary disbursements on the Navy till that date is arrived at. During the last five years of the reign of Elizabeth the whole cost of the Navy (both Ordinary and Extraordinary) is returned at £418,554[8]. Another similar account for the same period gives the total as £336,465[9]. In any case allowance has to be made for the Ordinary charge and for any of the cost of the Islands Voyage which fell within the later period.

[1] *Vide infra*, p. 516. [2] *Ibid.*, pp. 522, 523.

[3] Audit Office, Declared Accounts 1832/2 and 4—(Account of Thomas Sutton, Master of Ordnance in the North Parts, March 1, 1569 to 1576) £3,358. 3*s*. 3*d*. (of the same, March 1, 1569 to September 29, 1583) £27,012. 7*s*. 11*d*.

[4] State Papers, Domestic, Elizabeth, CCXL. 55.

[5] *Naval Tracts of Sir William Monson*, ed. M. Oppenheim (*Publications Navy Records Soc.*, XXII. p. 295).

[6] State Papers, Domestic, Elizabeth, CCLIX. 61. Mr Oppenheim, *ut supra*, gives the total cost of this voyage to Elizabeth as £42,000.

[7] *Vide infra*, p. 527. The documents, on which this statement is based, give "Voyages by Adventurers," "Cadiz," "Flanders" or "Flandes." This no doubt is a mistake for "Flores."

[8] Gardiner, *History*, 1603–16 (1863), II. p. 408.

[9] *Vide infra*, p. 517.

In view of these considerations, the Extraordinary expense of naval operations from 1598 to 1603 may be estimated at £275,000, making (with that of the expeditions from 1590 to 1597) £475,000 for the whole period. Other specific war-expenditure in the Low Countries, France and Ireland is returned at £3,057,226[1]. Moreover there was a reduction of indebtedness on balance during this period. At the death of Elizabeth there was a nett debt of £99,990 outstanding[2]. If then Salisbury's statement of the debt in 1588–9 is correct, £100,000 had been discharged in the interval, so that the Extraordinary expenses amounted to £3,632,226.

Extraordinary Expenditure 1590 (*Oct.*) *to* 1603.

War-expenditure, Flanders, France and Ireland	£3,057,226
Naval expenditure (not included in above)	475,000
Loans paid	100,000
	£3,632,226

Just a little less than one-half of the funds required was provided by subsidies of the clergy and laity. These came to £1,777,705. The remainder was met by sales of land, prizes, repayments of loans due to the Crown, proceeds of forfeitures of lands by persons convicted of treason, with a few other miscellaneous receipts, while the balance remaining was procured from the surplus Ordinary Revenue. There is some difficulty in fixing the exact amount received from these different sources. The whole sum, obtained by the sale of lands during the reign, is given in Statement I as £817,359. Deducting from this the proceeds up to November 1590, there remains £519,188, as the receipts from this source till 1603. To some extent the years, in which subdivisions of the total accrued, can be traced in various accounts as below:

26 Nov. 1590 to end of 1592[3]	£ 4,157
1593 to Easter 1599[4]	[150,018]
1599–1600 Easter to Easter ...	202,350
1600–1[5]	39,460
1601–2	103,938
1602–3[6]	19,265
	£519,188

[1] *Vide infra*, p. 527.

[2] Exchequer of Receipt—(Miscellanea) 43 (3)—"A Collection of his Majesty's Debts, distinguished in titles with the arrears thereof, due at Mich. last." This debt is arrived at after crediting Elizabeth with the subsidies granted in her lifetime, but paid after 1603.

[3] Audit Office, Declared Accounts 593/2.

[4] On the assumption that there were not sales of lands, other than those taken into account, before 1590.

[5] *Vide infra*, p. 521.

[6] Gardiner, *History*, 1603–16 (1863), II. p. 414. In the Introduction to *Parliamentary Debates in* 1610 (p. ix) the proceeds, during the last five years of the reign, are stated to have been £372,000, possibly on the authority of State Papers, Domestic, James I., xxxv. 29.

There is some difficulty in estimating the sum received by the Crown from prizes during this period. In 1593 Elizabeth obtained about £80,000 from the *Madre de Dios*, but only by her arbitrary treatment of the other adventurers[1]; while the *St Valentine*, taken in 1602, was valued at £44,000[2]. According to Monson the cruise of Howard in 1591 "defrayed the better part of the cost," and there is mention of a prize worth £10,000 being captured[3]. Though the Crown was the largest shareholder, others were interested, and the share falling to Elizabeth may be estimated at £7,000. Again her proportion of the returns of the voyage of Drake and Hawkins in 1594 would be £1,600[4]. It was difficult to recover the plunder, secured by the sack of Cadiz in 1596. Valuables were traced to certain individuals, amounting to £11,832[5], while the proceeds of two ships, with the bullion taken from the castle, were returned at £12,700, of which the Queen had one-third[6], in addition to which she claimed the ransoms for both individuals and the city[7]. These various valuations do not include a number of items, such as goods, etc., so that altogether it may be estimated that Elizabeth secured about £10,000. Then there was the Island Voyage of the following year (1597). Monson states that three ships captured at an early stage "did almost then countervail the expense of the whole voyage[8]." According to another account, by November 1597, 14 prizes had been taken[9], from which sufficient cochineal and indigo had been secured to supply the whole country for many years[9]. The latter commodity, alone, was valued at £10,000, and it was thought of sufficient importance to necessitate a proclamation prohibiting importation[10]. Considering that the Crown had to share with the owners of other ships, it may be estimated that Elizabeth obtained perhaps £20,000 from this expedition. The receipts then from these voyages may be taken to have been about £160,000, and to this £40,000 may be added to cover the proceeds of the remaining

[1] State Papers, Domestic, Elizabeth, CCXLIV. 75. This ship was valued at £150,000 —*Ibid.*, CCXLIV. 1, 18, 35; *Calendar Salisbury MSS.*, IV. pp. 253, 254. Elizabeth retained all the pepper. This appears to have sold above the valuation, since the Adventurers obtained £72,000 to £75,000.

[2] The documents are printed in *Publications Navy Records Soc.*, XXXIII. pp. 341–71.

[3] *Ibid.*, XXII. pp. 256, 260.

[4] *Ibid.*, p. 317.

[5] State Papers, Domestic, Elizabeth, CCLIX. 120, 123, 124.

[6] *Ibid.*, CCLIX. 117.

[7] *Publications Navy Records Soc.*, XXIII. p. 14.

[8] *Ibid.*, XXIII. p. 30.

[9] State Papers, Domestic, Elizabeth, CCLXVI. 43.

[10] *Calendar Salisbury MSS.*, VII. p. 473, VIII. pp. 7, 36. It is highly probable that the discharge of Essex and a dozen merchants from a bond of £21,000 "for cochineal" in 1599 relates to this transaction—*Letters of John Chamberlain* (Camden Society, 1861), p. 37.

cruises, concerning which there are no definite details, though it is recorded that prizes were taken. Thus the whole receipts, from this source, may be calculated to have been £200,000. Further, as money was more and more needed towards the end of the reign, Elizabeth began to press for repayment of her loans to Flanders and France and she succeeded in collecting £32,377. Extraordinary fines and forfeitures, with some miscellaneous credits added £39,618[1], so that altogether an Extraordinary Revenue of £2,435,778 had accrued since 1590.

Summary of the Finances 1590 (*Oct.–Nov.*) *to* 1603.

Extraordinary Expenditure		£3,632,226
Extraordinary Revenue—		
Subsidies	£1,777,705	
Prizes	200,000	
Sales of Land	519,188	
Repayments of loans	32,377	
Forfeitures and miscellaneous	39,618	
		2,568,888
Deficiency		£1,063,338

This deficiency was made good from the surplus Ordinary Revenue. The statements of both income and expenditure of this nature for the period are comparatively full. That for 1588–9 is representative both of receipts and issues on the ordinary account, while another records the average Ordinary Revenue for the last five years of the reign[2]. It is a little unfortunate that neither the latter account nor another covering the same period[3] gives the Ordinary Expenditure separately from the Extraordinary, but this defect can be easily remedied by allowing the usual ordinary provision for the "Navy," "Ordnance" and "Ireland" and treating the remainder in each case as extraordinary, as which it has already been dealt with. Some other items require to be treated similarly (such as the cost of musters), so that the whole Ordinary Expenditure from 1598 to 1603 may be taken to have averaged £225,000 a year. From 1590 to 1598 it was less, and the average for the whole period from 1590 to 1603 may be estimated at between £200,000 and £210,000—a sum about equal to the nett Ordinary Revenue at the accession of Elizabeth. From 1590 onwards great efforts had been made to increase the Ordinary Revenue. The deductions were lower, and the customs and impositions had been

[1] *Vide infra*, pp. 519–21; Gardiner, *History*, 1603–16 (1863), II. p. 418.

[2] *Vide infra*, pp. 516, 517.

[3] Gardiner, *History*, 1603–16 (1863), II. p. 408.

advanced. From 1598 to 1603 the Revenue averaged £325,000 nett[1], but it was lower from 1590 to 1598. Therefore, over the whole interval from 1590, it may be calculated to have been on an average about £300,000, leaving a surplus of from £90,000 to £100,000 a year. Over the period from 1590, this (together with any further Extraordinary Revenue not included in the foregoing account[2]) sufficed to meet the deficiency, but it left very little towards paying the subsidy to James of Scotland, or for any exceptional outlays in England, such as interest or for secret service. It follows that the state of the Crown finances involved very many anxieties, and it is not surprising to learn that for several years after 1593 the interest on a loan made by Pallavicino was in arrear[3], or that in March 1603, on being informed that her coffers were empty and that money was urgently required for the army in Ireland, Elizabeth was reported "to have raged exceedingly[4]." Indeed, had it not been that the Ordinary Expenditure had been kept as low as possible[5], there would have been great difficulty in obtaining resources for the continuance of the struggle. Further, it is clear there was no scope for the large gifts in cash to Essex and others with which Elizabeth was credited. It is true that, during the proceedings in the Star-Chamber after the revolt of Essex, Cecil stated the gifts in this case had been "of the value of £300,000[6]," but these took the form of grants of lands, of which that of the Royal Parks in 1592 was the most important, to which may be added the farm of Sweet Wines on terms favourable to the lessee. It is important to note the double aspect of such grants. On the one hand, in so far as they did not consist of money, the previous calculations remain unaffected by them, but, on the other, from a wider standpoint, they had the effect of checking the natural expansion of the Ordinary Revenue, since they represent a further alienation of Crown property in addition to that recorded as sold, while similarly the farming of any

[1] *Vide infra*, p. 517. An account of the Revenue for the four years Mich. 1599 to Mich. 1602 (State Papers, Domestic, Elizabeth, CCLXXXV. 21) gives an average of only £232,952, but the assigned branches and some others are either omitted or understated.

[2] Thus it was said that Elizabeth towards the end of her reign sold many of her jewels.

[3] Murdin, State Papers, p. 737.

[4] State Papers, Domestic, Elizabeth, CCLXXXVII. 50, 53. According to the latter document, there was only £17,000 in the Exchequer.

[5] There is an interesting instance of Elizabeth's economy in Statement D (ii), p. 517. There was a saving at the rate of £793 per annum on the Privy Purse and Wardrobe which was credited to the Revenue. Though the sum was small, it represents 7 per cent. of the whole amount allowed for these branches of the Issues.

[6] State Papers, Domestic, Elizabeth, CCLXXVIII. 54, 55; cf. *Fragmenta Regalia*, by Sir Robert Naunton, 1642, p. 7.

impost, at a rate less than that obtainable from a solvent contractor, either as a mark of favour or as a reward for services tended to reduce the yield from this source.

In concluding this account of the finances of Elizabeth, attention may be drawn to a form of statement which was common during the early years of the reign of James I., and which, while apparently conflicting with the results already arrived at, in reality confirms them. It was often said that Elizabeth died in debt to the extent of £400,000[1]. Such expressions while literally true, are most misleading; for, at the death of Elizabeth there was £300,000 of the subsidy of 1601 still to be received[2]. What in effect happened was that this money had been anticipated to meet war-expenditure, incurred by Elizabeth; and the simplest method of viewing the facts is to regard these payments of the Parliamentary grants as "ear-marked" for these expenses. It follows then that the reported debt of £400,000 may be justly diminished by £300,000, leaving the real indebtedness £100,000 as stated. Conversely, if the debt of Elizabeth be spoken of as £400,000, the outlay on her wars should be diminished by £300,000, since James I. would receive that sum to pay such charges. There is necessarily a certain injustice to the financial administration of Elizabeth in recording both the cost of her wars and the amount of the debt at the maximum.

[1] Dorset's speech in Parliament in 1606—Gardiner, *Debates in* 1610, p. 5 (note). According to Salisbury's speech in 1610, debts of Elizabeth amounting to £300,000 had been paid, and there remained about £100,000 outstanding.

[2] *Ibid.*, p. 5; *Journals of the House of Commons*, I. p. 395.

FINANCIAL

A. Statements of the Crown Debt

Debt incurred up to the end of the reign of Edward VI., compiled about August 1553 (State Papers, Domestic, Mary, I. 14)

	£	s.	d.
Ireland, due up to July 31, 1553	36,094	18	5
Berwick, due up to May 31, 1553, over and above the wages of Duke of Westmoreland, the Controller, the Treasurer and other wages	16,639	18	7
Calais, due up to April 13, 1553, over and above £16,000	21,184	10	2½
Channel Isles, due up to May 30, 1553, over and above £121. 18*s.* 5½*d.*	1,028	13	0
Scilly Isles, due up to April 1, 1553	371	5	10
Admiralty, due up to Lady Day, 1553, over and above several sums reserved as by pay-book	3,923	4	5
Ordnance, due up to Michaelmas, 1553.	3,134	7	10
Works, ,, ,, ,,	3,200	0	0
Household	22,025	10	11½
Chamber, due up to June 30, 1553	17,968	0	10
Due abroad according to the account of Gresham	61,064	0	0
	186,634	10	1

Debt 1559 (State Papers, Domestic, Elizabeth, VIII. 28)

	£	s.	d.
Ireland	8,000	0	0
Berwick (with £15,000 due July 15, 1559)	22,000	0	0
Admiralty	7,000	0	0
Ordnance (Admiralty)	281	19	8
,,	2,000	0	0
,, (Provisions)	9,000	0	0
Fortifications	1,662	13	0
Works	3,500	0	0
Lieutenant of the Tower	977	1	4
Wardrobe	4,800	0	0
Chamber	3,500	0	0
Household (former debt outstanding)	15,000	0	0
Household	25,000	0	0
Band of Gentlemen Pensioners	1,400	0	0
Guard	1,460	0	0
Master of Horse	800	0	0
Armoury	1,000	0	0
Revels	400	0	0
Falconers	480	0	0
Privy Purse	13,000	0	0
Due abroad November 30, 1559	106,649	5	8
	227,910	19	8[1]

[1] In the MS. the total is given as £226,910. 19*s.* 8*d.*

STATEMENTS 1553–1694.

FROM 1552 TO 1572.

Debt due at May 20, 1565 (State Papers, Domestic, Elizabeth, XXXVI. 54)

		£	s.	d.
Ireland		20,000	0	0
Berwick		15,000	0	0
Admiralty		3,000	0	0
Ordnance		9,000	0	0
Works		1,200	0	0
Household (former debt outstanding)		5,000	0	0
Wardrobe		5,000	0	0
Armoury		500	0	0
Revels		444	0	0
Other debts on offices		2,000	0	0
Due abroad per Gresham		17,000	0	0
Other loans due		7,000	0	0
		85,144	0	0
Sums anticipated towards the discharge of above debts—				
Arrears of rents of land	£4,000			
Sales of land	4,000			
Due from the Pipe	4,000			
Due from Collectors of First-fruits and Tenths	600			
Arrears from other offices	45,500	58,100	0	0
		27,044	0	0

Loans outstanding under the management of Gresham, Nov. 30, 1571 (State Papers, Domestic, Elizabeth, LXXXVI. 56)

	£s Flem.	£	s.	d.
Due in London.				
To Sir Wm. Garrard		1,953	10	0
,, Alderman Ramseye		1,953	10	0
,, Sir Roger Marten		1,953	10	0
,, William Bond		1,953	10	0
,, N. Fonteyn and P. de Busgnell		1,953	10	0
,, Sir Thomas Reigge		1,953	10	0
,, Sir Rowland Howard		1,953	10	0
,, Alderman Ryner		1,953	10	0
,, Wm. Allyun		1,953	10	0
,, Alderman Daniel Duckett		2,603	0	0
,, Benedict Spinola		2,732	0	0
,, Jas. Harvie		1,694	0	0
,, John Paxton		1,432	0	0
,, Alderman Barnham		1,432	0	0
,, V. de la Fonteyn		1,215	0	0
Total due per Gresham in London		28,689	10	0
Due in Antwerp.				
To Welser and Co.	14,327 10 0			
,, Gerleano Radermaker	3,664 0 0			
,, Elias Weisse	1,525 13 4			
,, Daniel Alberto Schadd	13,336 16 8			
,, Casper Engelbert	2,362 0 0			
,, Charles Weisse	3,402 13 4			
£s Flem.	38,618 13 4			
Which converted into Sterling =		30,894	18	8
Total due in England and Antwerp		59,584	8	8

STATEMENT B. (i)—Estimated Ordinary Receipts (Gross and Nett and Estimated Ordinary and Extraordinary Expenditure. (Lansd MS. 4, No. 55*, ff. 189–91.)

RECEIPTS.

	1560–1 Gross	1560–1 Expenses and Deductions	1560–1 Nett	1561–2 Nett	1562–3 Nett
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Revenues of land . .	69,460 13 9¾	19,000 0 0	62,460 13 9¾		
Arrears—rev. of land .	12,000 0 0				
Reversions of land . .	6,000 0 0	5,000 0 0	1,000 0 0		
Fines of leases (average) .	4,000 0 0		4,000 0 0		
Sales of wood . . .	1,000 0 0		1,000 0 0		
[Duchy of Cornwall][1] .	3,500 0 0		3,500 0 0		
[Duchy of Lancaster][1] .	14,000 0 0		14,000 0 0		
[Wards and liveries][1] .	17,000 0 0		17,000 9 0	246,282 9 3½	246,282 9 3½
King's Bench fines . .	5,000 0 0		5,000 0 0		
Hanaper	3,084 0 0		3,084 0 0		
Installed debts . .	5,000 0 0		5,000 0 0		
Office of the Pipe . .	109,843 4 2	6,283 11 2	103,559 13 0		
Profits of the receipt .	60 0 0		60 0 0		
Tenths	20,983 13 5¾	9,365 11 0	11,618 2 5¾		
First-fruits . . .	26,335 15 9½	11,335 15 9½	15,000 0 0		
Tower[2]	30,000 0 0		30,000 0 0		
	327,267 7 3	50,984 17 11½	276,282 9 3½		

EXPENDITURE.

			1560–1 Nett	1561–2 Nett	1562–3 Nett
Household . . .			40,000 0 0		
Chamber	Ordinary Expenditure		9,000 0 0		
Wardrobe			5,000 0 0		
Works			1,200 0 0		
Armoury			500 0 0		
Navy			12,000 0 0		
West Marches . . .			1,000 0 0		
East and Middle Marches			23,000 0 0		
President of the Marches			1,100 0 0	134,760 0 0	134,760 0 0
President of the North .			1,200 0 0		
Ordnance			1,000 0 0		
Holy Island, &c. . .			360 0 0		
Ambassadors . . .			2,000 0 0		
Rewards			2,000 0 0		
Pensions			4,400 0 0		
Assignments[1] . . .			31,000 0 0		
Total Ordinary Expenditure			134,760 0 0		
Navy	Extra-ordinary Expenditure		6,500 0 0		
Ordnance . . .			3,000 0 0		
Arrears of salaries[3] .				12,180 0 0	
Loans to be repaid .			107,705 4 8	97,069 2 0	59,945 12 0
Total Expenditure . .			251,965 4 8	244,009 2 0	194,705 12 0

STATEMENT B. (ii)—THE RECEIPTS OF THE EXCHEQUER (AS RECORDED) ANNUALLY FROM MICHAELMAS 1562 TO MICHAELMAS 1565. (Lansd. MS. 156, ff. 167–72.)

	1562-3	1563-4 [4]	1564-5
	£ s. d.	£ s. d.	£ s. d.
Receipts of the Crown	130,347 6 5		125,028 15 9
Fines of leases	8,417 5 8		5,221 2 3
Sale of woods	810 12 4		565 15 3
Tenths	12,564 9 4		12,309 12 4
First-fruits	6,423 12 10		4,308 13 4
Temporalities of Bishoprics while vacant	423 5 7		15 16 0
Subsidies of pensioners	258 19 7		114 13 0
Reliefs	179 15 8		30 0 0
Mint	283 6 8		
Fines for transporting merchandize		241,701 4 11	170 17 8
Total recorded Ordinary Revenue	159,708 14 1		147,765 5 7
Sale of lands	56,879 5 1		
Total	216,587 19 2		
Subsidy	60,967 10 3		45,303 15 5
Total	277,555 9 5		193,069 1 0
Loans	38,159 8 8		4,000 0 0
Total recorded Ordinary & Extraordinary Receipts	315,714 18 1		197,069 1 0
Total recorded Issues of the Exchequer	299,784 13 7	227,420 2 8	186,129 14 2
Add payment of arrears of salaries taken out of balance in hand		12,110 15 8	
		239,530 18 4	

[1] These are noted separately at the end of the MS. as being in assignment. It appears that at the date this estimate was drawn up the amounts of the assignments had not been settled (State Papers, Domestic, Elizabeth, VIII. 20, 21).

[2] This entry may relate to the proceeds of the coinage of old and broken plate, which was ordered to be made into coin on 5th October, 1560 (*ibid.*, Elizabeth, XIV. 9, 12).

[3] These arrears were to be taken out of the balance remaining. This practice of paying off debts in this manner is one of which the details were not often preserved. Thus the balance brought in (or "remains" as it was called) in the next series of accounts (B. (ii)) is frequently less than that brought out from the account of the previous half-year.

[4] The first half-year—Mich. 1563 to East. 1564—is stated in a form similar to the other accounts, but the remaining half-year (East. to Mich.) only records the total transactions of each teller. It may be noted that the former half-year includes £14,968. 13*s*. 8*d*. from the sale of lands.

STATEMENT C. (i)—Gross and Nett Ordinary Revenue, 1571–2 and 1575–6. (Lansd. MS. 14, ff. 7–13. Add. MS. 34,729, ff. 41–6.)

	1571–2			1575–6		
	Total collected	Deductions	Nett	Total collected	Deductions	Nett
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Ancient Revenue of the Crown						
Certainties						
Fee farms	5,890 16 5¼			6,004 1 4		
Sheriffs' farms	2,402 6 8			2,239 19 7¼		
Small farms	2,330 11 7¼			2,453 16 8		
Assarts	33 17 6½			33 17 6½		
Ulnage	774 13 8			782 3 4		
Fines Queen's Bench, &c.	6,547 0 3			6,704 16 0		
Fines for homage	345 13 6			387 6 6		
Ward-money, Dover	80 12 8			87 3 4½		
Casualties						
Forfeitures on penal statutes	999 1 8			680 3 8		
Felon's goods and land seized	1,600 17 2			3,316 1 3¼		
Fines for leases	3,755 11 11½			4,513 4 7½		
Star Chamber fines	168 13 4			236 6 8		
Sheriffs' amerciaments	350 11 8	6,361 12 4¾	85,095 17 3¾	228 6 8	6,286 2 1½	95,381 5 [illegible]
Installed debts and recognizances	1,647 3 2½			2,395 5 10		
Debts recovered	1,351 13 4			1,465 14 7½		
Goods seized by sheriffs	704 7 0			62 6 3¼		
Fines for reliefs	34 9 3½			17 1 4		
Fines by Barons of the Exchequer				398 16 8		
Goods sold				258 0 0		
Compositions on bonds				45 0 0		
Recovered for woods				117 5 4		
Customs and impositions	62,439 8 9¼			69,240 10 7		
Revenue lately annexed to the Exchequer	103,534 1 11	26,637 13 10½	76,896 8 0½	102,475 10 11	25,769 17 7¼	76,705 13 3
Sundry Revenues						
Hanaper of the Chancery	5,884 8 1	2,222 2 7	3,661 5 6	5,937 19 7¼	2,268 15 1	3,669 4 6
Hanaper of the Exchequer			60 0 0			95 0 0
Butlerage	396 4 10	277 13 4	118 11 6	396 4 10	277 13 4	118 11 6
First-fruits			8,218 5 1½			10,117 9 10
Tenths			12,862 3 4¼			12,862 3 4
[Court of Wards			12,000 0 0			12,000 0 0
Duchy of Lancaster][1]			11,000 0 0			11,000 0 0
Totals[2]		35,499 2 2¼	209,912 10 10		34,602 8 1¾	221,949 8 4

[1] ASSIGNMENTS.

	From Court of Wards	From Duchy of Lancaster
	£ s. d.	£ s. d.
Wardrobe	2,000 0 0	
Chamber		4,000 0 0
Household	10,000 0 0	7,000 0 0
	12,000 0 0	11,000 0 0

STATEMENT C. (ii)—Ordinary Expenditure, 1571–2 and 1575–6. (Lansd. MS. 14, ff. 7–13. Add. MS. 34,729, ff. 41–6.)

	1571–2			1575–6		
	£	s.	d.	£	s.	d.
The Privy Purse	2,000	0	0	2,000	0	0
Wardrobe (£6,000, with £2,000[1] from Court of Wards in 1572–3)	8,000	0	0	6,015	11	0½
Fees and rewards to customers	1,314	8	4	893	10	0
Fees and rewards to sheriffs	660	0	0	643	10	0
Ambassador in France	1,216	13	4	1,206	13	4
Fees to the officers of the Exchequer and Receipt	1,589	0	0			
Expenses of diets in the Star Chamber	225	15	8½			
Rewards to grooms of the chamber	100	0	0			
Warden of the East and Middle Marches	424	0	0			
Fees and wages—Admiralty	1,435	1	8			
,, ,, Heralds	643	10	6			
,, ,, Ordnance	1,404	9	2	27,252	1	10
,, ,, Armoury	693	8	9			
Fees to Masters of Rolls, Judges, Counsel	1,975	4	10			
Fees to diverse others	4,090	13	2			
Fees and wages for garrisons	1,198	0	0			
Charges—churches and colleges	368	0	0			
Annuities	11,172	13	4			
Chamber and posts (£7,000, with £4,000[1] from Duchy of Lancaster, 1572–3)	11,000	0	0	7,500	0	0
Household (£23,027. 13*s*. 2½*d*., with £10,000[1] from Court of Wards and £7,000 from Duchy of Lancaster, 1572–3)	40,027	13	2½	40,027	13	2½
Berwick	15,000	0	0	15,000	0	0
Gentlemen pensioners	4,772	15	7	4,043	3	4
Jewel house	3,000	0	0	3,974	8	9
Admiralty (for keeping and repairing ships in harbour)	7,695	6	2	5,714	2	2
Victualling of Navy (of the said ships)				1,981	4	0
Ordnance	6,000	0	0	6,000	0	0
Armoury	400	0	0	400	0	0
Tower (with £510. 7*s*. 2*d*. for diets of prisoners)	1,102	17	2	592	0	0
Works	3,000	0	0	2,200	0	0
Revels and tents	866	13	4			
Ireland				20,000	0	0
Livery of the Guard				725	12	0
Diet of Queen of Scots				2,704	0	0
	131,376	4	3	148,873	9	8

[2] In these MSS. the totals of revenue and expenditure are given *without* the assignments, though these are taken note of in the expenses of the offices affected. For purposes of comparison these assignments have been included on both sides. There are some errors in the addition in the MSS. The totals there given are as follows:—

	The Revenues			Deductions			Remaineth due		
	£	s.	d.	£	s.	d.	£	s.	d.
1571–2	222,185	4	0½	35,499	2	3¼	186,686	1	9¼
1575–6	233,855	9	10	34,602	8	2¼	199,253	1	7¾

STATEMENT D. (i)—STATEMENT OF THE REVENUE AND EXPENDITURE FOR THE YEAR MICH. 1588 TO MICH. 1589, COMPILED IN THE YEAR 1610 (Lansd. MS. 165, ff. 139–46.)

REVENUE

	£ s. d.
Rents and revenues in the Pipe	15,654 0 7½
Rents and revenues before Auditors of the Exchequer	109,032 15 6
Duchy of Lancaster in assignment	11,000 0 0
Court of Wards in assignment	12,000 0 0
Customs and impositions	101,698 6 5
Ulnage	716 12 6
First-fruits	2,500 0 0
Tenths	11,592 5 3
Hanaper and alienation	6,418 17 4¾
Hanaper of the Exchequer	63 13 4
New Year's gifts	1,000 0 0
Recusants' lands	8,345 12 0
Temporalities	1,631 19 4
Lands of outlaws	183 18 6
Dover Castle and Harbour	88 9 4
Court fines	959 1 5
Fines of leases	2,151 11 10½
Installed debts	9,176 14 11½
Goods forfeited	605 13 10
Total Ordinary Receipts	294,819 12 3¼
Subsidies	88,362 10 10
Prizes	4,878 3 8½
Benevolence	4,410 12 0
Total, exclusive of loan	392,470 18 9¾
Loan	28,107 0 0
Total	420,577 18 9¾

EXPENDITURE

	Paid by Collectors £ s. d.	Paid out of the Exchequer £ s. d.
Privy Purse		1,000 0 0
Wardrobe		8,708 18 10¾
Household		46,365 6 3
Chamber		13,940 16 6
Jewels		4,315 8 9¾
Master of Horse		100 0 0
Pensioners		4,175 11 4
Livery of the Guard		717 17 6½
Works and gardens	756 11 11	3,171 15 0½
Posts and messengers	213 7 4	1,100 0 0
Diets (of Judges, of the Star Chamber, of the Councils, of the North and of Wales, of Justices)	574 16 0	5,092 16 11
Salaries, fees, annuities[1]	16,473 4 2	25,135 6 5
Rewards		1,433 8 7
Liberates		928 9 8¾
Alms to the poor	295 16 7	
The Tower and diets of prisoners		2,105 12 8
Ambassadors		2,202 6 6
Admiralty (estimated)		10,000 0 0
Victualling of the Navy (estimated)		5,000 0 0
Ordnance		6,000 0 0
Armoury		400 0 0
Berwick and other fortifications	18,086 8 5½	729 7 4
Ireland		18,389 9 2½
Low Countries		25,100 0 0
Total Ordinary Expenditure	36,400 4 5½	186,112 11 8¾
Navy and victualling		30,800 17 11
Expedition to Portugal		31,091 0 0
Sir Francis Drake (service 1588)		1,500 0 0
Compensation to shipowners (1588)		5,111 10 0
Ordnance and fortifications		11,921 8 3
Low Countries		117,019 5 7
Willoughby's expedition		6,000 0 0
Ireland		686 4 0
Allowance (education, son of Lord Paget)		266 14 4
Interest		3,337 8 3
Jewel		800 0 0
Secret Service		28,883 6 8
Total—Ordinary and Extraordinary	36,400 4 5½	423,530 6 8¾

[1] In adding up the details of salaries, fees, and annuities, the total of these is overstated by £10, hence the whole Ordinary Expenditure (including payments both by Collectors and at the Exchequer) is given as £222,522. 16*s.* 2½*d.*

STATEMENT D. (ii)—RECEIPTS AND ISSUES FOR ONE YEAR ON THE ANNUAL AVERAGE FOR THE FIVE YEARS FROM 1598 TO 1603. (Cotton MS., Titus B. IV. ff. 285 b–293 b.)

REVENUE

			Gross £ s. d.	Deductions £ s. d.	Nett £ s. d.
Ancient Revenue of the Crown	Certainties	Fee farms	7,384 3 2		
		Sheriffs' farms	3,947 5 4½		
		Small farms	1,812 17 10		
		Assarts	33 17 6		
		Ulnage	990 4 6½		
	Casualities	Fines on alienation	8,216 3 7		
		Fines on leases	1,833 9 6		
		Star Chamber fines	4,318 15 0		
		Other fines	1,699 8 2½		
		Forfeitures	1,501 4 6¾	4,343 12 4¼	50,416 14 8½
		Recusants	8,030 6 3		
		Lands seized	7,154 7 2½		
		Temporalities	2,149 10 11		
		Concealed lands or woods	660 0 11½		
		Installed debts	4,862 5 4		
		Ward-money, Dover	82 16 10		
		Reliefs and redemptions	83 10 3½		
Customs and Impositions		Customs	96,001 11 5½		
		French and Rhenish wines	15,000 0 0	5,680 16 5½	121,400 19 10½
		Sweet wines	7,880 4 10½		
		Coal	6,200 0 0		
		Lead	2,000 0 0		
Revenue lately annexed to Exchequer			105,752 9 9¼	14,945 18 8¾	90,806 11 0½
		Duchy of Lancaster	17,309 7 4	2,847 19 11	14,461 7 5
		County Palatine	770 18 4¾	489 17 5½	281 0 11¼
		Duchy of Cornwall	4,065 13 4	347 1 8½	3,718 11 7½
		Court of Wards	18,000 0 0	2,000 0 0	16,000 0 0
Sundry Revenues		Hanaper	11,100 8 7	2,536 17 4	8,563 11 3
		Mint	1,580 0 0	868 0 0	712 0 0
		First-fruits	6,151 2 3¼	93 6 8	6,057 15 7¼
		Tenths	12,500 0 0		12,500 0 0
		Butlerage	471 11 8	277 13 4	193 18 4
		Privy Purse and Wardrobe	793 18 0		793 18 0
		Dispensations	181 16 10¾	21 13 4	160 3 6¾
Total Ordinary Revenue			360,519 9 7¾		326,066 12 4¼
Subsidies and tenths			125,000 0 0		125,000 0 0
Total[1]			485,519 9 7¾	34,452 17 3½	451,066 12 4¼

EXPENDITURE

	£ s. d.
Treasurer of the Chamber	14,000 0 0
Cofferer of the Household	46,727 4 2½
Privy Purse	1,300 0 0
Wardrobe	9,845 19 11
Gentlemen pensioners	4,170 0 0
Plate	720 0 0
Revels	66 8 8
Office of Works	3,600 0 0
Admiralty	67,293 0 0
Ordnance	20,700 0 0
Armoury	548 0 0
Berwick	17,300 0 0
Captains for musters	5,838 11 3
Posts	3,450 0 0
Justices of Assize	1,640 0 0
Star Chamber	1,350 0 0
Tower and diets of prisoners	2,781 0 0
Exchequer	2,931 0 0
Salaries, annuities, and pensions	35,000 0 0
Tents and toils, musicians, harriers	—
Jewel house	2,756 0 0
Secretary of State	1,200 0 0
Ambassadors	8,117 0 0
Low Countries	27,450 0 0
Ireland	227,250 0 0
Total	506,034 4 0½

[1] The total Revenue is given as follows in the MS.: £485,212. 9*s*. 1½*d*. gross, deductions £34,452. 17*s*. 3½*d*., leaving £450,759. 11*s*. 9¾*d*. nett.

STATEMENT E. RECEIPTS OF THE

	1580-1	1581-2	1582-3
	£ s. d.	£ s. d.	£ s. d.
Receivers General	58,381 0 1½	59,892 17 6¼	61,238 11 4½
Farms and Fee farms	6,959 4 0½	7,752 13 11½	8,435 9 8½
Sheriffs and Bailiffs	7,887 8 1	7,486 7 1	5,049 19 7
Fines for Leases and on Alienation	4,856 7 3	3,906 17 3	3,938 3 11
Remembrancer of Treasurer	368 4 5	376 2 4½	355 13 4½
Exchequer Fees			
Concealed Lands or Woods	153 6 8	14 3 3	152 1 0
Seizures	38 15 11		
Dover Castle and Harbour	133 14 9½	225 11 5½	1,337 6 6½
Faculties			
Customs	61,259 11 9	68,820 8 10	59,764 3 7
Impositions on Sweet Wines	2,728 16 8	2,364 8 4	2,000 0 0
,, ,, French ,,	7,446 13 4	4,000 0 0	2,973 6 8
Hanaper	1,634 18 11½	37 4 7	37 4 7
Ulnage	1,001 13 6	653 15 0	572 15 0
Exchange		1,000 0 0	
Recusants	3,660 11 8½		
Fines in various Courts	20 0 0		
Tenths of Clergy and Temporalities	14,838 10 7	20,903 16 8	23,423 12 8½
First-fruits of Clergy	5,500 0 0	1,500 0 0	1,900 0 0
Installed Debts	8,594 13 8½	8,245 10 6	6,806 16 7
Casualities	779 19 7	1,394 5 4½	710 9 7
Total Ordinary Receipts	186,243 11 1	188,574 2 2¼	178,695 14 2½
Knighthood Compositions	1,000 0 0		
Fines, Babington, Stonley and others	1,000 0 0		
Subsidies	579 4 8½	87,786 15 1	66,408 3 8½
Total, exclusive of Loans	188,822 15 9½	276,360 17 3¼	245,103 17 11
Loans contracted			
Total	188,822 15 9½	276,360 17 3¼	245,103 17 11

EXCHEQUER 1580–90. (PELLS DECLARATION BOOKS.)

1583-4	1585-6	1587-8	1589-90	
£ s. d.	£ s. d.	£ s. d.	£ s. d.	
59,893 1 9	57,896 3 1	57,612 18 3½	68,216 18 5	Receivers
7,113 15 10	6,808 15 1½	7,188 4 2½	7,439 0 7½	Fee farms
7,867 19 11½	6,180 13 5	6,543 17 2½	11,435 4 4	Sheriffs
4,862 10 7	3,450 18 7½	5,408 12 0½	4,128 18 6	Fines, Leases
649 0 4½	424 17 8½	436 5 3	450 3 2½	Treasurer
		36 15 0	64 13 4	Exchequer
28 16 4	361 0 0	2,910 7 11	76 18 4	Lands or Woods
	299 0 9	370 18 10	207 19 4	Seizures
1,722 18 7	1,144 12 6½	881 13 6	497 11 5	Dover
			305 4 10½	Faculties
69,686 19 6½	79,510 3 0½	75,020 6 9	87,974 6 7	Customs
2,728 16 8	2,728 16 8	1,364 8 4	2,728 16 8	Wines, Sweet
5,973 6 8	4,881 6 8	3,000 0 0	9,979 10 2	,, French
37 4 7	37 4 7	37 4 7	37 4 7	Hanaper
697 3 6	400 0 0	656 19 8	969 2 0	Ulnage
1,000 0 0				Exchange
2,362 2 8	2,422 13 7	5,695 2 2	8,407 9 8½	Recusants
157 5 4	123 16 4	41 13 8	74 1 10	Court Fines
23,679 7 1	17,895 8 2	26,570 17 2½	26,557 1 3	Tenths (Clergy)
2,500 0 0	3,000 0 0	3,000 0 0	2,300 0 0	First-fruits
16,655 12 3	15,439 1 6	14,571 16 10	36,426 5 4½	Installed Debts
774 10 0	1,115 12 9½	415 8 10	388 12 9	Casualities
208,390 11 8½	204,120 4 7	211,763 10 3½	268,665 3 3½	Total
				Knighthood Fines
10,807 16 6½	76,581 0 9½	49,421 18 10	82,937 11 9	Subsidies
219,198 8 3	280,701 5 4½	261,185 9 1½	351,602 15 0½	Total
		6,600 0 0		Loans
219,198 8 3	280,701 5 4½	267,785 9 1½	351,602 15 0½	Total

STATEMENT F. RECEIPTS OF THE

	1590-1	1591-2	1592-3
	£ s. d.	£ s. d.	£ s. d.
Receivers General	68,004 6 7½	67,862 7 5½	68,253 0 9
Farms and Fee farms	7,396 13 11	8,972 6 11½	8,926 17 5½
Sheriffs and Bailiffs	14,088 15 0	10,844 4 2	13,806 3 7
Fines for Leases and on Alienation	6,874 13 11½	3,979 9 2	3,758 2 11
Remembrancer of Treasurer	541 2 0½	474 17 0	443 13 5
Exchequer Fees		500 0 0	
Concealed Lands or Woods	872 6 0	223 14 2½	305 9 0
Seizures	25 0 0	580 0 0	300 0 0
Dover Castle and Harbour	1,251 18 1	953 7 6	1,107 18 0½
Duchy of Lancaster			
Faculties			
Customs	88,041 2 9	87,533 19 9	100,678 19 2
Impositions on Sweet Wines	2,364 8 4	2,728 16 8	2,728 16 8
,, ,, French ,,	5,773 13 5	6,587 11 9½	5,955 16 8
,, ,, Grain			303 14 0
License for Export of Grain		3,425 0 0	2,928 1 6
Hanaper	37 4 7	37 4 7	37 4 7
Ulnage	645 2 6	981 3 10	576 18 0
Exchange			600 0 0
Recusants	6,413 0 9½	5,908 11 3½	5,996 5 11
Fines in various Courts			200 3 6
Tenths of Clergy and Temporalities	27,020 9 5½	23,145 13 1½	21,378 5 9
First-fruits of Clergy	3,500 0 0	7,874 19 6½	8,462 13 5
Installed Debts	27,114 6 2½	11,545 16 3	16,804 18 1½
Casualities	437 1 11	592 3 5	383 19 0
Total Ordinary Receipts	260,401 5 7	244,751 6 8½	263,937 1 5½
Sale of Lands			
Benevolence of the Clergy			
Fines, Babington, Stonley and others			
Property of Fugitives			
Subsidies	97,151 5 10	68,788 10 7	75,425 1 4½
Total, exclusive of Loans	357,552 11 5	313,539 17 3½	339,362 2 10
Loans repaid by Low Countries			
,, ,, France			
Total	357,552 11 5	313,539 17 3½	339,362 2 10
Loans Contracted			
Total	357,552 11 5	313,539 17 3½	339,362 2 10

EXCHEQUER 1590–1601. (PELLS DECLARATION BOOKS.)

1598-9 £ s. d.	1599-1600 £ s. d.	1600-1 £ s. d.	
67,442 0 11½	58,980 15 1	56,261 10 2½	Receivers
9,566 19 5	7,031 17 8	5,553 12 8½	Fee farms
12,997 16 2½	12,186 6 3	15,144 8 11½	Sheriffs
6,823 5 3	4,674 5 6½	4,312 4 10	Fines, Leases
433 2 4	482 8 8	484 9 8	Treasurer
100 0 0			Exchequer
843 10 6	374 2 0	2,318 9 6	Lands or Woods
			Seizures
303 6 1	769 10 1½	769 17 8	Dover
	4,000 0 0		Lancaster
250 0 0	400 0 0	181 0 6	Faculties
69,944 5 11	65,185 10 8½	131,127 16 8½	Customs
2,728 16 8	2,728 16 8	2,364 8 4	Wines, Sweet
7,952 3 4	4,050 12 6½	17,940 13 8	,, French
			Grain
987 16 0	1,717 13 0		,, License
4,703 0 2	4,568 13 10	1,672 7 5	Hanaper
466 17 11	472 11 0	551 2 0	Ulnage
			Exchange
6,689 13 9	7,502 14 9½	4,756 15 9	Recusants
			Court Fines
27,128 9 0½	23,631 11 0	28,287 9 9½	Tenths (Clergy)
5,920 0 2½	6,133 17 3	3,500 0 0	First-fruits
26,791 3 4½	23,295 9 3	12,499 11 6½	Installed Debts
297 7 10½	787 5 4	86 12 5	Casualities
252,369 15 0	228,974 0 8½	287,812 11 8	Total
	202,350 11 3	39,459 14 8	Lands
	963 1 10		Clergy
847 11 8	1,812 10 0	1,572 10 0	Fines
		20,646 3 7	Fugitives
100,705 0 5½	150,140 17 10½	127,768 2 10	Subsidies
353,922 7 1½	584,241 1 8	477,259 2 9	Total
	} 27,000 0 0	2,894 0 0	Low Countries
			France
353,922 7 1½	611,241 1 8	480,153 2 9	Total
86,931 10 0		15,500 0 0	Loans
440,853 17 1½	611,241 1 8	495,653 2 9	Total

STATEMENT G. ISSUES OF THE

	1583-4	1584-5	1585-6
	£ s. d.	£ s. d.	£ s. d.
Privy Purse	600 0 0	2,400 0 0	2,200 0 0
Wardrobe	3,416 17 5	9,750 3 9	
Cofferer of the Household	2,121 15 10	5,715 13 2	5,753 9 11½
Treasurer of the Chamber	2,400 0 0	600 0 0	2,400 0 0
Jewels and Plate	3,585 2 10	4,084 18 7	2,876 3 9
Revels, Tents and Toils	353 4 4		
Embroidery, Lace and Linen	88 9 4½	88 9 4½	600 14 7
Office of Works	4,602 2 6	5,533 11 0½	3,981 11 4
Posts and Stationery	1,580 6 10½	1,611 14 4½	1,304 14 6
Pensioners	5,032 3 4	4,278 3 4	3,075 13 11
Livery of the Guard	631 10 8	630 10 8	631 10 8
Fines remitted for Poor Relief	53 6 8	234 1 1	159 3 4
Diets of Judges	1,584 18 7	1,551 18 4	1,426 6 1
,, Star Chamber	635 3 2	846 0 10½	811 18 11½
Salaries, Fees and Allowances for Service	1,838 18 10	1,016 16 1½	2,634 9 8½
Rewards for discovering Concealed Lands and Rents	118 9 7	73 6 8	282 8 9
Tower and Prisons	2,252 15 2	1,616 7 4	1,166 10 1
Scots Queen's Diet	1,800 0 0	3,031 8 4	999 19 10
Scotland		726 13 4	1,051 13 8
Ireland	61,309 13 8	48,544 14 10½	32,485 2 9
Berwick and the Border	2,140 8 8		
Ambassadors	2,223 5 10	1,858 6 8	1,432 0 0
Treasurer of Admiralty and Bounty on Ship Building	7,394 3 1	16,791 11 11	18,878 1 3
Victualling Navy	2,354 6 5½	2,588 13 7	8,415 5 5
Ordnance	11,093 10 10	5,841 17 3½	9,993 8 5½
Armoury	400 0 0	400 0 0	400 0 0
Portsmouth	1,404 19 0	3,839 2 8	4,393 9 0
Dover	1,010 5 6	1,250 11 0	111 7 9½
Other Fortifications, Castles, Gardens	2,394 15 5½	9,306 9 10	293 9 9½
Low Countries			61,879 14 4
Gifts and Allowances	2,100 0 0		100 0 0
Special and Secret Service	5,753 14 0½	10,030 9 4	9,455 16 11
Musters		782 0 0	17,613 0 0
Repayments and Sundries		20 0 0	
Total Ordinary and Extraordinary Issues, exclusive of Loans	132,274 7 8½	145,043 13 6½	196,807 4 10
Interest and Loans paid	789 14 2	6,000 0 0	6,000 0 0
Total	133,064 1 10½	151,043 13 6½	202,807 4 10
Lands Purchased	4,000 0 0		
Total	137,064 1 10½	151,043 13 6½	202,807 4 10

EXCHEQUER 1583–95. (ENTRY BOOKS OF ISSUES.)

1586-7	1592-3	1593-4	1594-5	
£ *s.* *d.*	£ *s.* *d.*	£ *s.* *d.*	£ *s.* *d.*	
2,500 0 0	1,000 0 0	1,000 0 0	2,000 0 0	Privy Purse
8,427 16 10	2,704 5 9	3,666 10 7	2,243 15 1	Wardrobe
5,962 16 0	7,995 1 6	7,918 19 8	5,904 11 7	Household
2,400 0 0	2,400 0 0	2,400 0 0	2,400 0 0	Chamber
3,603 7 10	2,212 19 3	2,038 7 8½	2,234 12 6	Jewels
				Revels
88 9 4½		408 9 4½		Embroidery
3,316 1 11	3,773 4 4	4,318 3 6	4,998 12 1½	Works
1,558 9 6	1,630 10 0	1,545 1 4	1,478 13 7	Posts
5,275 7 1	5,288 19 7	4,263 11 8	4,287 19 1	Pensioners
630 9 2	717 17 6	439 8 2	717 7 6½	Guard
286 13 4				Fines
1,626 6 0	1,716 1 11	1,638 8 11	1,641 18 3	Judges
887 10 10	935 5 6	924 13 7	1,198 4 6½	Star Chamber
2,695 17 11½	4,429 13 1½	3,949 1 5	5,267 15 1½	Salaries
79 2 2½				Lands, &c.
2,027 10 2	1,824 1 8	887 4 7	1,766 2 7	Tower
3,500 0 0				Scots Queen
1,889 19 2	1,894 6 0	4,087 6 0	7,054 16 0	Scotland
38,493 17 1	13,418 6 8	25,920 7 3	36,588 1 5½	Ireland
1,600 0 0		460 0 0		Berwick
2,126 10 0	721 10 0	1,949 14 8	5,016 2 8	Ambassadors
26,487 10 7	29,146 3 11	27,125 7 5	58,714 2 5	Admiralty
19,419 19 0	9,806 6 10	9,153 13 6	15,599 10 4½	Navy
10,165 16 8	10,799 0 8	11,985 0 11	15,107 2 11	Ordnance
400 0 0	400 0 0	400 0 0	400 0 0	Armoury
2,476 8 0	2,391 18 0	1,744 0 10	3,182 5 8½	Portsmouth
	900 0 0	400 0 0	938 2 7	Dover
1,317 3 1	458 3 4	2,312 2 6	1,720 4 3	Other Forts
118,060 15 1	179,465 18 1	121,516 18 10	175,435 15 4	Low Countries
2,100 0 0	130 0 0	2,021 0 0	619 19 0	Gifts
13,260 0 0	3,615 8 7	5,590 18 2	3,823 12 7	Special Service
147 0 0				Musters
	51 16 2	481 0 3	24 15 10	Sundries
282,810 16 10½	289,826 18 4½	250,545 10 10	360,364 3 1½	Total
24,937 10 0				Loans
307,748 6 10½	289,826 18 4½	250,545 10 10	360,364 3 1½	Total
	2,000 0 0			Lands
307,748 6 10½	291,826 18 4½	250,545 10 10	360,364 3 1½	Total

STATEMENT H. ISSUES OF THE EXCHEQUER 1595–1601.

	1595–6	1596–7	1597–8
	£ s. d.	£ s. d.	£ s. d.
Privy Purse	693 12 1	2,000 0 0	
Wardrobe	6,894 13 10	5,872 5 5	27,139 17 8
Cofferer of Household	6,257 4 2½		
Treasurer of Chamber	4,200 9 0	11,556 0 0	
Jewels and Plate	4,808 15 10	3,458 1 11	2,208 5 11
Revels, Tents and Toils			
Office of Works	3,042 14 0	3,461 15 8	6,375 12 0
Posts and Stationery	2,190 6 2	2,333 17 11	2,401 4 4
Pensioners	4,230 11 7	3,131 9 10	2,031 18 0
Livery of the Guard	310 8 8	398 18 0	719 18 0½
Fines remitted for Poor Relief	237 15 6		130 0 0
Diets of Judges	1,841 19 4	1,641 6 0	846 17 3
,, Star Chamber	754 19 2½	1,219 2 0	1,765 16 11
Salaries, Fees and Allowances for Service	1,337 4 4	2,135 8 6	
Other Allowances	2,825 3 4	2,232 10 0	23,615 1 5
Tower and Prisons	1,430 4 5	1,514 2 7	916 13 1
Scotland	3,150 0 0	3,000 0 0	
Ireland	71,810 5 2	49,661 18 5	102,599 11 5
Berwick and Border	1,530 1 0	4,623 17 3	
Ambassadors	3,264 14 7	4,396 9 9	3,375 1 8
Treasurer Admiralty and Bounty on Ship Building	113,253 4 1	57,773 17 6	84,297 7 3
Victualling Navy	6,878 13 11	33,072 2 0½	49,135 0 4½
Ordnance	18,631 12 10	25,940 1 2½	20,395 6 5
Armoury	1,810 15 2	2,400 3 0	200 0 0
Portsmouth	3,407 7 0	1,402 19 2	399 12 10
Dover	1,193 9 7½	366 5 4½	452 5 11
Other Fortifications, Castles, Gardens	2,834 16 6	5,461 8 8½	6,728 10 2½
Low Countries	65,162 18 5	58,186 12 2	78,318 18 5
France		12,681 13 1	15,112 4 6
Picardy			12,510 12 4
Gifts and Allowances	445 1 0		68 8 4
Special and Secret Service	119 0 0	6,371 13 5½	2,480 15 0
Musters	7,000 0 0		26,506 6 0
Wheat	16,162 13 0		5,922 7 0
Repayments and Sundries	1,500 0 0	2,040 0 0	
Total Ordinary and Extraordinary Issues, exclusive of Loans	359,210 13 9½	308,333 18 11½	476,653 12 3½
Interest and Loans paid			
Total	359,210 13 9½	308,333 18 11½	476,653 12 3½
Loan to King of France	6,000 0 0		
Total	365,210 13 9½	308,333 18 11½	476,653 12 3½

(ENTRY BOOKS OF ISSUES AND PELLS DECLARATION BOOKS.)

1598-9	1599-1600	1600-1	
£ s. d.	£ s. d.	£ s. d.	
			Privy Purse
			Wardrobe
21,785 15 8½	34,810 18 9¼	29,669 12 6	Household
			Chamber
4,021 13 5½			Jewels
132 13 4			Revels
3,772 12 4	8,920 4 3	10,081 11 7	Works
2,117 5 0	2,127 15 0	3,720 15 8	Posts
			Pensioners
			Guard
			Poor Relief
		2,659 12 5	Judges
4,089 17 8	5,511 12 4	4,186 11 11	Star Chamber
27,905 2 7½	51,203 7 7½	16,949 5 5¾	Salaries
			Other Allowances
			Tower
			Scotland
99,500 17 11	275,930 13 5½	292,077 5 10½	Ireland
7,000 0 0	5,137 0 0	4,000 0 0	Berwick
8,810 17 8	6,686 13 10	9,892 11 7	Ambassadors
25,064 6 6	97,249 15 4	59,242 11 4½	Admiralty
21,926 13 11½			Navy
9,500 0 0	} 23,686 7 7½	16,459 11 4	Ordnance
100 0 0			Armoury
			Portsmouth
			Dover
6,000 0 3	8,131 4 9	4,665 10 1½	Other Forts
39,697 19 2	27,322 2 6	26,896 7 8	Low Countries
			France
			Picardy
221 0 0			Gifts
			Special and Secret Service
			Musters
			Wheat
		1,267 13 8½	Repayments, &c.
281,646 15 7	546,717 15 5¾	481,769 1 2¾	Total
		2,561 18 0	Loan
281,646 15 7	546,717 15 5¾	484,330 19 2¾	Total
			Loan
281,646 15 7	546,717 15 5¾	484,330 19 2¾	Total

STATEMENT I. (i)—Statement showing the Amounts realized b
Parliamentary Grants of Tenths and Fifteenths from 1523 to 1604
(State Papers, Domestic, Elizabeth, xl. 85; ccxliv. 51; James I.
xxxvii. 38.)

Year of Parliament	Clergy Rate	Clergy When payable	Laity Rate	Laity Tenths per £	Laity Fifteenths per £	Laity When payable	Amount	Amount
				s. d.	s. d.		£	Tenths only, *i.e.* without fifteenths £
1523							154,745	
1541							95,000	
1553							147,109	
1555							145,900	
1558							146,000	
1559			$\frac{2}{10}$, $\frac{2}{15}$	2 8	1 8	April 30, 1559		
				1 4	1 0	January 20, 1560		191,000
1562–3	$\frac{3}{10}$	October 2, 1563, 1564, 1565	$\frac{2}{10}$, $\frac{2}{15}$	2 8	1 8	April 30, 1563		
				1 4	1 0	December 10, 1563		207,722
1566	$\frac{2}{10}$	,, ,, 1567, 1568, 1569	$\frac{1}{10}$, $\frac{1}{15}$	1 4	1 0	February 10, 1567		
				1 4	0 10	,, ,, 1568		109,000
1571	$\frac{3}{10}$	,, ,, 1571, 1572, 1573	$\frac{2}{10}$, $\frac{2}{15}$	2 8	1 8	September 20, 1571		
				1 4	1 0	,, ,, 1572		175,690
1575–6	$\frac{3}{10}$	,, ,, 1576, 1577, 1578	$\frac{2}{10}$, $\frac{2}{15}$	2 8	1 8	June 12, 1576		
				1 4	1 0	September 20, 1577		169,162
1580–1	$\frac{3}{10}$	,, ,, 1581, 1582, 1583	$\frac{2}{10}$, $\frac{2}{15}$	2 8	1 8	May 12, 1581		
				1 4	1 0	September 20, 1582		167,876
1584–5	$\frac{3}{10}$	,, ,, 1585, 1586, 1587	$\frac{2}{10}$, $\frac{2}{15}$	2 8	1 8	June 10, 1585		
				1 4	1 0	September 20, 1586		163,546
1586–7	$\frac{3}{10}$	,, ,, 1588, 1589, 1590	$\frac{2}{10}$, $\frac{2}{15}$	2 8	1 8	October 1, 1587		
				1 4	1 0	,, ,, 1588		163,130
1588–9	$\frac{6}{10}$	,, ,, 1591, 1592, 1593	$\frac{4}{10}$, $\frac{4}{15}$	2 8	1 8	,, ,, 1589		
				1 4	1 0	,, ,, 1590	160,545	
		,, ,, 1594, 1595, 1596		2 8	1 8	,, ,, 1591		
				1 4	1 0	,, ,, 1592	155,481	
								316,026
1592–3	$\frac{4}{10}$	February 19, 1594, 1595, 1596	$\frac{6}{10}$, $\frac{6}{15}$	4 0	2 8	,, ,, 1593	152,790	
				4 0	2 8	,, ,, 1594	148,645	
				2 8	1 8	,, ,, 1595	144,655	
				1 4	1 0	,, ,, 1596		
								446,090
1597	$\frac{6}{10}$	,, ,, 1598, 1599, 1600	$\frac{6}{10}$, $\frac{6}{15}$	4 0	2 8	,, ,, 1598	140,904	
				4 0	2 8	,, ,, 1599	140,688	
				4 0	2 8	,, ,, 1600	132,260	
								413,852
1601	$\frac{8}{10}$	(4s.) March 26, 1602	$\frac{8}{10}$, $\frac{8}{15}$	4 0	2 8	December 31, 1601	134,471	
		(4s.) October 2, 1602		2 8	1 8	March 31, 1602	134,132	
		March 26, 1603		1 4	1 0	October 31, 1602		
		(4s.) October 2, 1603		2 8	1 8	March 31, 1603	128,588	
		March 26, 1604		1 4	1 0	October 31, 1603		
		(4s.) October 2, 1604		2 8	1 8	March 31, 1604	125,091	
		March 26, 1605		1 4	1 0	October 31. 1604		
								522,282
				Total Tenths and Fifteenths of Laity				3,045,376

The data for determining the amount realized by the subsidies of the clergy are less exact than in the case of those of the laity. The proceeds of each, $\frac{1}{10}$th of the grant of the former of 1562–3 are estimated at £14,000 "clere" (State Papers, Domestic, Elizabeth, xl. 85), while in 1601 a similar rate yielded only £10,000 (D'Ewes, *Journals*, p. 630). It is highly probable that it was on the latter basis that the sum, assigned to these payments on the next page, was arrived at—*i.e.* forty-four $\frac{1}{10}$ths at £10,000 each = £440,000. But this calculation leaves out of account the higher revenue from this source per tenth earlier in the reign. Possibly £14,000 per $\frac{1}{10}$th was an estimate not realized in practice, and, allowing for the tendency of the yield to fall, it may be estimated that the average amount obtained per $\frac{1}{10}$th, up to and including the grant of 1575–6, was £12,000, thereafter till that of 1586–7 (and including it) £11,000, and during the remainder of the reign £10,000. This would give a total of £471,000.

STATEMENT I. (ii)—THE CHARGES OF ALL THE WARS IN THE REIGN OF ELIZABETH. (State Papers, Domestic, Elizabeth, CCLXXXVII. 59, 60.)

Date	Description		Amount	
			£	£
1559	Scotland			178,820
1562	Newhaven Expedition			246,380
1569	Rebellion of Norfolk			92,932
To 1573	,, O'Neil in Ireland			230,440
,, 1579	,, Desmond in Ireland			254,961
1585–7	Low Countries, from Aug. 2, 1585, to Feb. 1, 1587 (R. Huddlestone, treasurer)		154,620	
1587–90	,, from Feb. 2, 1587, to Oct. 16, 1590 (Sir T. Sherley, treasurer) .		509,230	
1588	The Armada	£137,829		
	,, (camp at Tilbury)	23,356		
			161,185	
				825,035
1589–97	Contributed by the Crown to Voyages by Adventurers—			
	Portugal Voyage (1589)	£61,019		
	Cadiz Voyage (1596) (State Papers, Domestic, Elizabeth, CCLXV. 68)	51,633		
			112,652	
	Islands Voyage (1597)		69,607	
				182,260
1590–7	Low Countries, from Oct. 16, 1590, to March 31, 1597 (Sir T. Sherley, treasurer)		438,570	
1597	,, from March 31, 1597, to May 9, 1597 (Sir T. Flood, treasurer) .		3,326	
1597–1603	,, from May 9, 1597, to 1603 (Sir W. Meredith, treasurer) . .		313,851	
				755,746
1591–3	France, from Aug. 2, 1591, to Nov. 16, 1593 (Sir T. Sherley, treasurer) . . .		57,928	
	,, from Nov. 16, 1593 (Sir T. Flood, treasurer)		6,000	
	,, Army in Brittany, to February 16, 1594 (Sir T. Sherley, treasurer) .		284,420	
	,, Army in Picardy, to April 10, 1597 (Sir T. Sherley, treasurer) . . .		12,787	
	,, ,, to May 9, 1597 (Sir T. Flood, treasurer) . . .		4,345	
	,, ,, from May 9, 1597 (Brassy and Smith, treasurers) .		12,000	
				377,480
From 1593	Ireland			1,924,000
				5,068,054
	These expenses were met as follows—			
	Eighteen subsidies of Clergy	£ 440,000		
	Twenty subsidies and thirty-nine fifteenths of Laity .	3,079,464		
	Sales of land	817,359		
	Total	£4,336,823		

Details as to the grants of the *laity* are clearer. Beginning with 1571, the sums obtained from each of them are recorded (State Papers, Domestic, James I., XXXVII. 38), while a note compiled by Burghley gives the amounts realized by subsidies from 1523 to 1589 (State Papers, Domestic, Elizabeth, CCXLIV. 51). This document does not include $\frac{1}{15}$ths, but these are given for 1562–3 (State Papers, Domestic, Elizabeth, XL. 85) at £29,000 per $\frac{1}{15}$th, and when the required number of $\frac{1}{15}$ths is added to Burghley's figures at this rate they agree with State Papers, Domestic, James I., XXXVII. 38. Accordingly, while the figure given by Burghley for the grant of 1559 is £133,000 (=$\frac{2}{10}$ths of the laity), £58,000 (=$\frac{2}{15}$ths) has been added above, and similarly. £29,000 (=$\frac{1}{15}$th) to that of 1566.

Taking the grants of clergy and laity together, the results come very close to those recorded above, *i.e.*—

Grants of Clergy . .	£ 471,000	(Statement I. (i))	£ 440,000	(Statement I. (ii))
Grants of Laity . .	3,045,376	,, ,,	3,079,464	,, ,,
Total . . .	£3,516,376		£3,519,464	

There are several errors in the addition in these documents. The total of "Voyages by Adventurers" is given as £172,260, while that of the subsidies and sale of lands is placed at £4,326,923. The charge under "France" is written £297,480, but there can be little doubt that (allowing for repayments) the larger sum is more correct, since in 1596 this outlay was returned at between £314,149 and £364,312, and in 1598 at £381,867 (State Papers, Domestic, Elizabeth, CCLVII. 76, 105; CCLIX. 113; CCLXVI. 12). The disbursements by Sherley for the Low Countries are recorded in the MSS. as one sum of £947,800. The portion assigned to the period 1587–90 is determined by a note made by Burghley (*ibid.*, CCLII. 5). Another account, covering the same interval, gives £505,369 (*ibid.*, CCLII. 111). In a statement made in Parliament in 1593, the outlay on the Low Countries is taken at £846,120 from 1585, and the whole extraordinary charges for war, from the same date (this included) at £1,218,800 (Cobbett, *Parliamentary Hist. of England*, I. 870; *Parl. Hist.*, IV. 364). The form in which the subsidies of the laity is expressed tends towards over-statement. A "subsidy" frequently meant $\frac{2}{10}$ths, thus "twenty subsidies" would be equal to $\frac{40}{10}$ths instead of $\frac{39}{10}$ths. The excess of the subsidies of the laity in I. (ii) over I. (i) is almost exactly the later produce of $\frac{1}{10}$th.

STATEMENT J. Analyses of the Crown Finances for 1641 and the consequences anticipated from the Bill of Tonnage and and the estimated ordinary expenditure for 1642, dated

I. *Revenue expected to fail totally.*

	£
Impost on Tobacco . .	11,000
Retailing Tobacco	13,052
40*s.* per tun on Wines per Abell	30,000
Soapmakers of London . .	29,128
,, ,, Bristol . .	1,200
Castle Soap	500
Grant of 12*d.* on Sea-coals per Sandes	10,000
Pretermitted Customs . .	17,863
Copperas Farm . . .	1,050
Patent for glass . . .	1,500
Star Chamber Fines . .	1,912
Corporation of Westminster .	1,100
Patent for Playing Cards and Dice	741
Beaver Hats	500
Clerk of the Market . .	336
Unwrought cloth . . .	100
Sundry Small Farms . .	973
Silk, Starchmakers, Gold-thread and Gunpowder .	—
	120,955

II. *Revenue affected by the Bill of Tonnage and Poundage.*

Great Customs . . .	172,500
Petty Customs . . .	72,500
New Impositions . . .	119,583
Impost on Sea-Coal . .	—
Composition for Wines in Out-ports	5,000
French Wines	346
Impost on Wines . . .	30,092
Other Imposts . . .	5,004
Cottons and Bays . . .	200
Sugar	2,000
	407,225

III. *Revenue expected to continue.*

	Receipts	Assignments and anticipations	Balance remaining
	£	£	£
Alum Works . . .	12,500	12,160	340
Purveyance	36,237	36,237	—
Post Fines	2,275	1,300	975
Wine Licenses . . .	2,700	2,633	67
Greenwax	3,265	300	2,965
Old and New Draperies .	997	746	251
Issues of Jurors . . .	1,000	—	1,000
Percentage on export of bullion	5,760	150	5,610
Ballast of Ships . . .	466	—	466
Chief Butlerage . . .	500	278	222
Sundry Small Farms . .	413	—	413
Court of Wards . . .	75,088	75,088	—
Duchy of Cornwall . .	19,435	16,541	2,894
,, Lancaster . .	10,522	10,438	84
Receivers General . .	83,964	69,940	14,024
Hanaper	7,695	7,005	690
Alienations	5,986	3,920	2,066
First-fruits	5,646	593	5,053
Tenths	12,598	—	12,598
Mint	13,270	11,729	1,541
The Pipe	9,093	7,325	1,768
Recusants in the North .	14,222	7,158	7,064
,, ,, South .	4,424	184	4,240
New Year Gifts . . .	2,178	2,178	—
Faculties	339	21	318
Respite of Homage . .	837	837	—
Dover Castle—Rent . .	100	—	100
Reliefs	—	—	—
Installed Debts and Seizures	1,593	—	1,593
Uncustomed Goods . .	693	693	—
Fines and Amercements .	684	—	684
	334,480	267,454	67,026

1642; SHOWING THE EFFECT THEREON OF THE RECALL OF THE MONOPOLIES, POUNDAGE, THE REMAINING REVENUE, THE AMOUNT OF THE ANTICIPATIONS DECEMBER 28TH, 1641. (Egerton MS. 2541, ff. 266–70.)

IV. *Charges* (*Ordinary*) *for* 1642 *unprovided for.*

	£
Privy Purse	5,000
The Queen	3,800
The Princes	23,400
The Queen of Bohemia and her children	19,150
Household	51,250
Robes	5,000
Wardrobe	13,065
Tapestry works at Mortlake . .	2,250
Master of the Horse . . .	2,114
Chamber	16,981
Gentlemen Pensioners . . .	6,000
Jewels	4,756
Livery and halberts of the Guard .	1,546
Works	11,654
Ordnance	6,000
Forts and Fortifications . . .	9,247
Armoury	400
Secret Service	1,400
Diets	2,719
Tower and Prisons	2,015
Revels, tents	2,691
Keepers of Parks, Lodges, &c. .	2,200
Repair of Castles	2,458
Liberates	1,865
Rewards	975
Messengers	890
Creation Money	1,112
Perpetuities	633
Annuities and Pensions . . .	87,437
Salaries and Fees	21,685
Ambassadors	20,200
Interest	22,473
Total	352,366

Summary.

	Revenue 1641	Revenue 1642
	£	£
Table I.	120,955	nil
,, II.	407,225	doubtful
,, III.	334,480	334,480
Total	862,660	334,480
Less anticipations . . .		267,454
Balance being certain available revenue to meet charges of the year 1642		67,026
Ordinary charge 1642, Table IV.		352,366
Deficiency		285,340
To which must be added the Pension of the Queen of Bohemia, Wardrobe arrears, Gunpowder and Posts (which are not estimated for under the Ordinary Charge) as well as the whole of the Extraordinary Charge.		

STATEMENT K. (i)—Estimates of the Revenue 1668–81.

	1668[1]	1672[2]	1673[3]	1679[4]	1681[5]
	£	£	£	£	£
Customs	400,000	600,000	600,000	600,000	500,000[6]
Excise	340,000	475,000	475,000	400,000	480,000[6]
Hearth Money	170,000	130,000	135,000	162,000	170,000
Law Duty		40,000	26,500	20,000	
First-fruits and Tenths		16,000	14,000	16,000	40,000
Small branches	120,000	20,000[7]	20,000	15,000	
Payments re-assigned to the Crown .		421,000			
Wine License				8,000	
	1,030,000	1,702,000	1,270,500	1,221,000	1,190,000

[1] Egerton MS. 2543, f. 209; Harl. MS. 6836, f. 69.

[2] Add. MS. 28,078, f. 47.

[3] *Ibid.*, f. 73.

[4] *Ibid.*, f. 325.

[5] Stowe MS. 323, f. 40.

[6] In these cases the sums estimated are expressly stated after the deduction of salaries and management.

[7] The sum for small branches is over and above assignments on these revenues for certain pensions.

[8] Add. MS. 28,078, f. 206.

[9] *Ibid.*, f. 313.

[10] In addition to the payments from the Exchequer on account of the Navy, further sums were provided from the subsidy to Charles II. from France.

[11] The salaries of the Judges include a pension to Prince Rupert, which was £6,000 in 1673.

[12] In the MS. for 1673 this amount is stated at £37,000, apparently by error, since the total given would only be correct if the sum were the same as in the previous year.

STATEMENT K. (ii)—Issues of the Exchequer.

	Estimates				Actual	
	1668[1]	1672[2]	1673[3]	1681[5]	From June 20, 1673 to June 25, 1675[8]	From Easter 1673 to March 25, 1678[9]
	£	£	£	£	£ s. d.	£ s d.
Navy	200,000	800,000	1,350,000	300,000	1,255,690 2 5[10]	3,432,602 14 0
Army	182,000	259,000	500,000	190,000	581,871 17 0½	} 2,414,294 10 2½
,, Tangier	55,500	55,500	60,000		93,003 17 10	
Ordnance	30,000	120,000		40,000	159,204 2 3	642,692 14 3
Privy Purse New Year's Gifts	12,000	38,000	50,000	15,000	76,625 7 9	
Queen Mother	40,000					
Queen Consort	23,000	12,000	11,900	} 36,000	76,000 0 0	
Duke of York		24,000	24,000			
Pensions and Bounties		60,350	100,000		387,233 9 7¼	
Household and Stables	92,500	100,000	110,000	20,000	265,656 19 11	826,777 7 2
Treasurer of the Chamber	20,000	30,000	30,000	10,000	67,837 13 0	230,409 0 11
Great Wardrobe	16,000	24,000	30,000	8,000	39,008 10 11	137,927 16 0
Robes	5,000	5,000	7,000	4,000	15,740 7 5	30,740 7 5
Jewels	2,000			22,000	20,775 11 0	54,228 9 6½
Tents, Toils and Revels	500				3,467 1 4	10,840 6 8
Falconry, Harriers, Gamekeepers	1,808					
Buildings and Repairs	8,000	8,000	12,000	3,000	35,645 4 7	87,433 6 3¾
Gentlemen Pensioners	3,000	6,000	6,000		13,114 16 5	37,956 0 6
Ambassadors and Agents	30,000	30,000	30,000	20,000	104,423 15 2	301,140 7 3
Judges and Masters of Chancery[11]	14,500	40,000	30,000	} 49,000	} 141,000 0 0	
Secretary of State		3,700[12]	3,700			
,, ,, Intelligence	4,000	4,000	4,000	5,000		
Secret Service				20,000	124,282 13 8	
Council of Plantations		6,500	6,500			
Tower and Coinage money	768				23,097 1 1	69,724 16 10
Privy Seals, Lib. Excheq. and Creation money	4,900		1,800		3,185 15 0¼	
Healing gold	1,200			2,000	3,200 0 0	
Redemption of Captives					{17,125 0 0 {53,539 15 7½	
Repayments					28,732 14 8½	
Management Customs		55,000	55,000			
,, Excise		20,000	12,000			
,, Hearth Money	} 100,000	1,000				
,, Post Office and Postages				4,000	9,350 6 2	
Casualities				10,000		
Interest	150,000			120,000	116,920 15 4¼	
	996,676	1,702,050	2,433,900	878,000	3,715,732 18 3¼	8,276,767 17 0¾

STATEMENT L. Receipts of the Exchequer

	27 March 1679—Lady Day 1680 £ s. d.	Lady Day 1680—Lady Day 1681 £ s. d.	Lady Day 1681—Lady Day 1682 £ s. d.
Customs	691,905 9 2	598,977 8 11	666,548 16 1¾
Excise	902,498 11 1	623,195 13 6½	608,199 0 3½
Hearth Money	16,437 15 11	34,322 10 0	78,342 9 6
Imposition on French Linen, Silks and Brandies			
New Imposition on Wines and Vinegar			
,, ,, Tobacco and Sugar			
Letter Office			
First-fruits and Tenths	12,237 5 6½	12,368 3 5	11,463 14 5
Total of Customs, Excise, Hearth Money, Post Office, First-fruits and Tenths	1,623,079 1 8½	1,268,863 15 10½	1,364,554 0 4½
Goods seized, Seizures	3,511 17 1½	5,974 12 7½	7,752 13 3
Fines of Leases	14 0 6	540 2 9	18 11 11
Coinage Money	6,174 13 0	10,616 5 9½	2,770 3 0
Duty on Coals	1,002 13 4	835 0 0	1,002 0 0
Recusants, Forfeitures and Rents	1,149 15 10	1,172 5 8	7,207 9 2
Proffers	1,490 11 5	1,611 9 1½	
Alienations	1,150 0 0	940 0 0	60 0 0
Land Revenue with Duchy of Cornwall	553 16 8	2,116 2 5½	2,056 16 4
Rent of Lighthouses	20 0 0	33 6 8	20 0 0
Rent for Bombay	10 0 0	10 0 0	10 0 0
Compositions in Exchequer	21 1 8	53 14 10	115 2 11
Duty on Unwrought Wood	470 4 2		900 0 0
Wine Licenses		4,206 13 4	14,512 9 6
Do. Advance part of £15,911. 10*s*. 7½*d*.			
Wood Sales		309 6 8	1,000 0 0
King's Bench Fines		716 14 8	772 6 2
Salt Farm		200 0 0	
Sheriffs of Counties			1,834 14 5½
,, Cities			85 17 10½
Rent for duty of 4½ per cent.			3,478 10 0
Sale of Crown Lands and Forfeited Estates		500 0 0	39 2 8
Conventicle Fines			
Rent of Carolina			
Seizures of Leather			97 9 10
Custody of Idiots	5 0 0		10 0 0
Fine on Daniel Gate			
Sale of Tin Farthings			
Profits of Alienations per Tally			
Ulnage of Cloth			
Profits of the Hanaper per Tallies			
King's Bench Fine set on Rich. Young			
Woollen Cloth	1 0 0	1 10 0	1 0 0
Lands seized and Impost on Salt (Sundries)		0 13 4	
Total, including Small Branches, *carried forward to* pp. 534, 535	1,638,653 15 5	1,298,701 13 9½	1,408,298 7 5¼

1679–86 (MSS., Bodleian Library, Eng. Hist., b. 4–18).

Lady Day 1682—Lady Day 1683	Lady Day 1683—Lady Day 1684	Lady Day 1684—Lady Day 1685	Lady Day 1685—Lady Day 1686	
£ *s.* *d.*	£ *s.* *d.*	£ *s.* *d.*	£ *s.* *d.*	
650,452 4 3¾	542,005 18 2	676,791 8 6¼	595,214 8 7½	Customs
521,492 11 3½	459,907 8 10	594,237 6 4¼	608,440 5 6¾	Excise
24,891 4 10	18,689 17 4	79,479 10 9	210,086 7 6	Hearth Money
			70,427 15 1¼	French Linen, &c.
			71,643 16 7¼	Wines and Vinegar
			60,855 6 11½	Tobacco and Sugar
			74,035 13 10	Letter Office
10,531 17 6	7,430 13 0	10,002 4 9½	18,330 15 8	First-fruits
1,207,367 17 11¼	1,028,033 17 4	1,360,510 10 5	1,709,034 9 10¾	Total (1)
6,378 8 8½	4,340 2 4	4,432 15 4	5,839 2 5	Goods seized
128 10 2	167 10 2	13 14 4	449 6 10	Fines of Leases
637 11 3			3,890 2 0½	Coinage
1,000 0 0	1,003 6 8	1,000 0 0	1,002 13 4	Coals
7,482 5 10	3,665 13 0	5,733 19 1½	8,991 1 7½	Recusants
615 8 11½		1,604 12 10	1,279 8 9½	Proffers
		350 0 0	810 0 0	Alienations
3,433 8 2	5,554 18 11	4,538 5 6½	3,359 5 8	Land Revenue
20 0 0	40 0 0	26 13 4	6 13 4	Lighthouses
10 0 0	10 0 0	10 0 0	10 0 0	Bombay
66 10 9	226 7 10	76 17 2	74 7 8	Exchequer
1,125 0 0	900 0 8	900 0 0	900 0 0	Unwrought Wood
8,487 8 8½	6,100 0 0	4,875 0 0	6,809 6 9½	Wine Licenses
10,000 0 0				Do. £15,911. 10*s.* 7½*d.*
1,580 0 0	4,200 0 0	2,400 0 0	1,900 0 0	Wood Sales
329 11 3	3,103 5 2	2,297 19 11	1,541 2 2	King's Bench
				Salt Farm
597 1 3	1,227 12 2½			Sheriffs of Counties
55 7 0½	174 3 10			,, Cities
4,678 10 8	4,047 14 9½	1,203 3 2½	3,478 10 8	4½ per cent.
633 4 6½	8,098 0 0		146 16 8	Crown Lands, &c.
53 15 2		116 2 11		Conventicle Fines
66 13 4	40 0 0		93 6 8	Carolina
	47 12 8½			Leather
5 0 0	7 10 0			Idiots
		100 0 0		Daniel Gate
			8,567 18 9	Tin Farthings
			1,000 0 0	Profits per Tally
			4 10 0	Ulnage Cloth
			37 4 7	Hanaper per Tallies
			1,200 0 0	Fine, Rich. Young
	0 10 0	1 10 0	0 10 0	Woollen Cloth
1 0 0	2 0 0	0 13 4	0 13 4	Lands seized, &c.
1,254,752 13 8¾	1,070,990 5 7½	1,390,191 17 5½	1,760,426 11 2¾	Total (2)

STATEMENT M. Receipts of the

	27 March 1679—Lady Day 1680	Lady Day 1680—Lady Day 1681	Lady Day 1681—Lady Day 1682
	£ s. d.	£ s. d.	£ s. d.
Brought forward	1,638,653 15 5	1,298,701 13 9½	1,408,298 7 5¼
Fee Farms and Manors	1,206 14 2	12 0 0	3,355 13 1½
Imprest Money repaid	4,642 11 0		
Droits of Admiralty	550 0 0		
Queen's Portion	7,764 5 5	8,000 0 0	321 13 6
Money assigned to King's use . . .	5,128 0 0	497 5 11	701 19 11
Orders on Twelve Months' Assessment .		8,531 6 3	
Ships and Goods condemned . . .		310 2 3¼	
King's Plate		5,758 1 8½	
Present of East India Co.			10,750 0 0
For Old Artillery Ground			5,700 0 0
Secret Service			701 19 11
Redemption of Captives			
Poll Order			
Money paid pursuant to a decree in the Exchequer			
Part of a debt of £4,212. 13*s*. 10½*d*. . .			
Money Forfeited for Treason . . .			
Part of Sir Wm. Doyly's Debt . . .			
Money paid, per Mr Shaw . . .			
,, ,, Roger Whitby, Esq. .			
King's Dividend in East India Co. . .			
,, ,, African Co. . .			
Revenue of Ireland			
Queen Dowager's Portion			
Conscience Money	10 0 0		
Total, including "Casualities" . .	1,657,955 6 0	1,321,810 9 11½	1,429,829 13 10¾
Second 18 months' Assessment . . .	54 17 0½		
11 months' Assessment and Royal Aid .	296 8 3½	165 15 0	1,818 17 5¼
17 ,, ,, for 30 Ships . .	15,045 9 4	872 8 11½	1,069 15 0
Poll Money for War against French King	6,278 10 2	120 16 6	
1st part, 1st Disbanding Act . . .	96,897 17 7½	4,433 10 2	
2nd ,, ,, ,, . . .	278,925 12 4	107,004 8 5	2,041 17 10
Second Act for Disbanding . . .		178,389 17 10	17,220 14 9½
12 months' Tax			
,, ,, repaid			
Last Poll Money			80 12 3
Two Last Wine Acts			
18 months' Tax			
Additional Aid			
Arrears of Voluntary Present . . .			
Total, exclusive of Loans . . .	2,055,454 0 9½	1,612,797 6 10	1,452,061 11 2¾
Loans	359,868 15 0	287,448 3 4½	69,000 0 0
Total Receipts	2,415,322 15 9½	1,900,245 10 2½	1,521,061 11 2¾

EXCHEQUER 1679–86 (*continued*).

Lady Day 1682—Lady Day 1683	Lady Day 1683—Lady Day 1684	Lady Day 1684—Lady Day 1685	Lady Day 1685—Lady Day 1686	
£ s. d.	£ s. d.	£ s. d.	£ s. d.	
1,254,752 13 8¾	1,070,990 5 7½	1,390,191 17 5½	1,760,426 11 2¼	
231 0 8½				Fee Farms
872 19 6	61 14 9	449 0 0		Imprest Money
				Droits
7,454 14 5				Queen's Portion
673 17 7				King's Money
				Orders, &c.
				Ships,&c.condemned
				Plate
10,750 0 0	10,750 0 0	10,750 0 0	10,750 0 0	East India Co.
				Artillery Ground
				Secret Service
16,461 3 9		2,810 9 7		Captives
	311 15 8			Poll Order
		4,537 0 3		Money paid, &c.
		954 17 4½		Part of a Debt
			229 13 6	Treason Money
			245 0 0	Sir W. Doyly's debt
			10,000 0 0	Mr Shaw
			7,630 15 4	Roger Whitby
			750 0 0	Div. East India Co.
			322 10 0	,, African Co.
			10,000 0 0	Ireland
			23,630 0 0	Queen Dowager
				Conscience Money
1,291,196 9 8¼	1,082,113 16 0½	1,409,693 4 8	1,823,984 10 0¾	Total (3)
				2nd 18 months
				11 months
	690 11 11½	323 15 8		17 ,, 30 Ships
307 6 11	636 9 0			Poll Money
	130 0 0	1,031 0 0	30 0 0	1st part, 1st Dbg Act
		1,154 15 4	359 10 1	2nd ,, ,,
1,544 8 6	1,457 5 2	1,165 0 3	186 18 8½	2nd Disbanding Act
1,074 8 8½	3,608 13 2	100 0 0		12 months' Tax
497 5 6				,, ,, repaid
637 0 4				Last Poll
220 0 7				Wine Acts
	321 14 3			18 months
	100 0 0			Additional Aid
		500 0 0		Voluntary Present
1,295,477 0 2¾	1,089,058 9 7	1,413,967 15 11	1,824,560 18 10¼	Total (4)
43,000 0 0	262,261 15 11	197,000 0 0	307,226 0 0	Loans
1,338,477 0 2¾	1,351,320 5 6	1,610,967 15 11	2,131,786 18 10¼	Total Receipts

STATEMENT N. THE RECEIPTS OF THE EXCHEQUER 1686–94
Mus., 17,756, ff. 16 b,

	Lady Day 1686—Lady Day 1687	Lady Day 1687—Lady Day 1688	Nov. 1688—Sept. 1691
	£ s. d.	£ s. d.	£ s. d.
Customs and Coinage	14,950 0 0 629,607 10 10¾	17,500 0 0 578,710 6 11½	1,479,764 9 2
Impositions on French Linen, &c.	133,097 10 4	140,960 16 7¾	
Impositions on Tobacco and Sugar	168,380 12 8	141,115 0 6	805,006 2 6¾
Impositions on Wines and Vinegar	171,205 18 3	163,974 13 10	
Excise	631,939 11 6½	666,589 19 3½	2,585,349 10 3¾
Hearth Money	209,631 6 2	246,441 12 7¼	234,066 0 1¼
Letter Money	75,904 4 9	76,317 18 10	217,623 2 1¾
First-fruits and Tenths	17,375 19 2	17,354 17 9	
Total of Customs, Excise, Hearth Money, Post Office, First-fruits and Tenths	2,052,092 13 9¼	2,048,965 6 5	5,321,809 4 3½
Goods seized	7,409 7 4	4,930 14 7½	
Lands seized	0 13 4	345 19 3	
Rents of Lands and Duchy of Cornwall	4,778 0 0½	6,936 5 5½	
Redemption or Sale of Lands			
Lotteries		4,200 0 0	
Alienations	1,600 0 0	1,650 0 0	
Fines of Leases	173 9 8	332 10 1	
Recusants Money and Forfeitures	4,714 10 10½	1,688 8 1	
Sheriffs of Cities			
,, Counties			
1/10th of Prizes taken from Great Mogul			
Temporalities	1,000 0 0	2,106 13 11½	
Imprest Money repaid	300 0 0		353,444 3 7¼
Sale of Farthings	5,500 0 0	574 5 8½	
Wrecks	1,524 19 10½	20,872 10 7	
King's Dividend, African Company	322 10 0	322 10 0	
,, ,, East India Company	750 0 0	750 0 0	
Barbadoes Revenue		450 0 0	
Post Fines			
King's Bench Fines	10,630 18 9	9,261 12 2½	
Sale of Wood	800 0 0	2,402 1 11	
Unwrought Wood	900 0 0	900 0 0	
Baronets	1,095 0 0		
East India Company Present	10,750 0 0		
Treason Money and Forfeitures		1,369 15 2	
Total, including Small Branches, *carried forward to* pp. 538, 539	2,104,342 3 7¾	2,108,058 13 5½	5,675,253 7 10¾

(MSS., Bodleian Library, Eng. Hist., b. 19–20; Add. MS., Brit. 24–9, 48–53, 69–74).

Sept. 1691— 28 Sept. 1692	28 Sept. 1692— 28 Sept. 1693	28 Sept. 1693— 28 Sept. 1694	
£ *s.* *d.*	£ *s.* *d.*	£ *s.* *d.*	
471,078 19 1	347,941 5 10	428,003 18 4½	Customs, &c.
			French Linen
417,907 7 9	390,730 14 2½	434,303 18 9½	Tobacco
			Wines
1,203,091 6 8½	838,981 4 9½	948,073 9 7	Excise
3,555 10 0			Hearth Money
46,448 19 3	84,929 2 2	31,699 8 4	Letter Money
16,848 9 8½	25,666 0 7	15,893 0 3	First-fruits
2,158,930 12 6	1,688,248 7 7	1,857,973 15 4	Total (1)
8,383 8 0½	8,249 14 8	8,754 19 0½	Goods seized
647 9 3½	1,983 6 6		Lands ,,
2,709 2 11½	1,459 0 5½	4,457 0 10½	Cornwall
791 0 0			Sale of Lands
5,807 0 1	1,991 0 0	2,188 0 0	Lotteries
1,400 0 0	2,533 17 6	1,500 0 0	Alienations
580 16 10	1,187 0 6	6,281 3 5½	Fines of Leases
			Recusants
106 12 0½	77 3 8	86 18 2½	Cities
1,024 2 10	1,084 0 3	1,113 8 9	Counties
		16,638 6 11	Great Mogul
1,773 7 6½	606 3 7½	42 19 0	Temporalities
2,924 6 4		1,150 0 0	Imprest Money
8,400 0 0	1,600 0 0		Farthings
1,400 0 0	500 0 0		Wrecks
53 15 0			African Company
7,000 0 0			East India Company
500 0 0			Barbadoes
6,427 1 4½			Post Fines
20 0 0		20 0 0	King's Bench
420 0 0		920 0 0	Sale of Wood
			Unwrought Wood
1,095 0 0	3,107 5 2	2,190 0 0	Baronets
			East India Co. Present
200 0 0		1,830 0 0	Treason Money, &c.
2,210,593 14 10	1,712,676 19 11	1,905,146 11 7	Total (2)

STATEMENT O. THE RECEIPTS OF THE

	Lady Day 1686—Lady Day 1687			Lady Day 1687—Lady Day 1688			Nov. 1688—Sept. 1691		
	£	s.	d.	£	s.	d.	£	s.	d.
Brought forward	2,104,342	3	7¾	2,108,058	13	5½	5,675,253	7	10¾
Hanaper	37	4	7	37	4	7			
Rent of Bombay	10	0	0	10	0	0			
Lighthouses	366	13	4	46	13	4			
Silver coined									
Wine Licenses	5,605	9	1	4,650	0	0			
4½ per cent.	8,260	10	8	5,000	0	0			
Proffers	1,214	17	9½	1,176	9	7½			
Duty on Coal	1,001	6	8	1,001	6	8			
Compositions	851	5	2	28	11	9			
Money paid by H.M. Direction . .	8,676	18	3						
,, for King's Use . . .	667	16	7½						
Irish Revenue	6,000	0	0	2,700	0	0			
Redemption of Captives				1,038	0	0			
Arrears of Old Farm of Great Branches in Ireland				14,254	15	5			
King's Share Forfeited Ship . . .				3,161	0	2			
Money paid, Col. Whitley	7,630	15	4						
,, Lord Ossulston . . .				8,000	0	0			
King's Revenue when Duke . . .				900	0	0			
Particular Charge, Lord Ranelagh . .							615,058	1	7¼
Voluntary Charges							159,120	3	0¼
Sundry Casualities	635	2	8	495	4	5			
Total, including "Casualities" . .	2,145,300	3	9¾	2,150,557	19	5	6,449,431	12	6¼
Land Tax									
Additional Aid									
First 12 months' Aid									
Second ,, ,, ...									
First and Second Polls and Review and Additional Polls	1,451	1	11	585	1	0	3,683,449	15	6½
Quarterly Polls									
Review of Quarterly Poll									
Joint Stocks									
Hackney Coaches and Vellum . . .									
Contributions on Salt									
,, ,, Tunnage									
Sundry Small Taxes	5,797	18	4	1,557	17	5			
Million Act									
Total, exclusive of Loans . . .	2,152,549	4	0¾	2,152,700	17	10	10,132,881	8	0¾
Excess of Loans contracted over Loans repaid									
Loans	183,404	0	0	192,920	0	0	7,885,704	14	6
Total Receipts	2,335,953	4	0¾	2,345,620	17	10	18,018,586	2	6¾

EXCHEQUER 1686–94 (*continued*).

Sept. 1691—28 Sept. 1692	28 Sept. 1692—28 Sept. 1693	28 Sept. 1693—28 Sept. 1694	
£ s. d.	£ s. d.	£ s. d.	
2,210,593 14 10	1,712,676 19 11	1,905,146 11 7	
37 4 7	37 4 7	37 4 7	Hanaper
10 0 0			Bombay
6 13 4			Lighthouses
	4,062 10 5		Silver
			Wine
			4½ per cent.
			Proffers
1 6 8			Coal
	5 13 4	48 2 0	Compositions
			Money paid, H.M. Direction
			,, ,, King's Use
			Irish Revenue
			Captives
			Great Branches
			Forfeited Ship
			Whitley
			Ossulston
			Revenue, Duke
			Ranelagh
			Voluntary Charges
1,336 10 0	320 7 2¾	18 11 8¼	Sundries
2,211,985 9 5	1,717,102 15 5¾	1,905,250 9 10¼	Total (3)
14,852 4 10	867,717 0 11½	1,883,371 7 4	Land Tax
7,126 11 4½	1,042 12 2½	1,300 8 1½	Additional Aid
857,595 4 11	312 17 5	2,575 7 11½	First 12 months' Aid
760,426 14 7½	847,432 2 1	6,045 5 7½	Second ,, ,,
5,816 16 8	1,801 2 5	1,394 8 2½	First and Second Polls, &c.
250,557 2 0½	322,119 13 1	154,632 3 7	Quarterly Polls
	3,314 4 2	2,208 7 9½	Review of Quarterly Poll
	21,609 10 0	21,609 10 0	Joint Stocks
		44,200 0 0	Hackney Coaches
		934,485 17 5	Salt
		300,000 0 0	Tunnage
142 4 11	125 12 9	95 10 8	Sundries
	881,493 14 2	118,506 5 10	Million Act
4,108,502 8 9½	4,664,071 4 8¾	5,375,675 2 4¾	Total (4)
204,044 3 8½	911,334 9 5½		Excess of Loans contracted, &c.
		592,527 10 4½	Loans
4,312,546 12 6	5,575,405 14 2¼	5,968,202 12 9¼	Total Receipts

STATEMENT P. Issues of the Exchequer

	27 March 1679—Lady Day 1680	Lady Day 1680—Lady Day 1681	Lady Day 1681—Lady Day 1682
	£ s. d.	£ s. d.	£ s. d.
Navy	806,266 5 1	362,500 11 0½	357,081 4 2½
Ordnance	44,337 12 10	123,282 19 8½	33,278 4 8
Forces	426,237 5 7	258,423 13 0	244,193 4 10
Tangier	77,501 16 4	93,162 3 1	93,568 3 1
Household	150,211 14 7	107,750 0 0	63,109 15 3
Treasurer of the Chamber	18,916 0 0	19,137 1 1	18,090 6 0
Wardrobe	17,477 5 4½	11,345 0 0	15,666 18 6
Robes	8,500 0 0	1,500 0 0	4,000 0 0
Works	22,965 5 0	7,007 14 5	15,043 6 0
Ambassadors, &c.	46,497 15 11	35,760 8 9	20,619 10 0
Stables	9,602 19 3	12,528 1 2	3,976 12 0
Fees and Salaries payable at Exchequer	33,722 4 8½	31,811 18 8	33,452 9 11½
Pensions in respect of places	17,860 0 0	8,367 0 0	14,445 0 0
Annuities or Pensions of Grace	101,018 13 8½	82,139 0 0	86,273 19 9½
" " " in lieu of Diets	2,348 0 0	3,064 0 6¾	2,824 0 0
Band of Pensioners	3,000 0 0	2,642 0 0	5,780 17 3½
Bounties in gross sums	8,992 10 5	6,058 1 9½	9,600 0 0
Management of Customs	39,884 10 2½	41,190 9 5½	41,526 7 6¾
" " Excise	9,392 10 0	7,000 16 2	9,102 5 4
Encouragement for building Defensible Ships	3,284 11 11¼	2,060 15 4	1,334 2 10
Secret Service	34,377 1 8	38,657 9 7	55,481 13 7
Presents	5,650 0 0	5,500 0 0	2,700 0 0
Bills of Impost	3,675 0 0	825 6 0	
Privy Purse and Healing Gold	31,436 0 5½	26,197 17 6½	19,579 7 1
House Rent	150 0 0		
Mint	8,810 16 5	15,117 3 11	3,470 3 0
Contingencies not reducible under general heads	8,502 9 8¾	14,984 1 11¼	7,604 10 7¼
Payment of tallies upon Excise	137,800 0 0	62,200 0 0	
Extra Postage		7,994 4 2	
Prince of Orange		40,000 0 0	
Jewel House Jewels		5,758 1 8½	1,400 0 0
Redemption of Captives			
Management of Post Office Revenue			
" " Hearth Money			
Pensions			
Tower Expense	247 3 4		780 8 6
Gardeners		660 9 6	
To Mr John Knight, Divers Provisions			
Total, exclusive of interest and repayment of loans	2,078,665 12 6¼	1,434,626 8 7	1,163,982 10 1
Loans repaid and Interest	650,081 9 2¾	973,853 17 7	348,029 2 2½
Total issues	2,728,747 1 9¼	2,408,480 6 2	1,512,011 12 3½

1679-86 (MSS., Bodleian Library, Eng. Hist., b. 4–18).

Lady Day 1682—Lady Day 1683	Lady Day 1683—Lady Day 1684	Lady Day 1684—Lady Day 1685	Lady Day 1685—Lady Day 1686	
£ s. d.	£ s. d.	£ s. d.	£ s. d.	
363,513 1 10	331,791 4 0½	368,949 18 8	367,130 13 6	Navy
42,510 0 0	57,331 9 8	77,163 10 0	70,300 0 0	Ordnance
210,429 9 9	230,236 14 9½	235,161 0 0	517,124 7 9	Forces
40,281 13 5	65,401 6 0	46,973 6 1	24,125 15 0	Tangier
63,508 19 3	67,500 0 0	84,624 11 5	52,600 0 0	Household
23,641 0 10½	18,594 9 0	15,724 14 6½	23,272 17 5	Chamber
7,777 0 10	8,215 6 8	2,139 16 6	1,000 0 0	Wardrobe
1,500 0 0	4,500 0 0	4,500 0 0	1,780 4 3	Robes
19,072 5 7	23,990 7 7½	31,493 4 0	28,429 19 8	Works
17,602 10 1	8,882 2 5	16,825 19 4½	37,435 7 2	Ambassadors
3,000 0 0	9,091 14 9	6,495 15 8		Stables
49,471 18 1½	40,589 12 9	37,959 12 6¾	43,479 9 7¼	Fees and Salaries
5,577 10 0	7,837 7 11	11,804 5 5	5,450 0 0	Pensions, Places
91,520 14 11	76,901 2 3	107,290 5 11	31,133 9 3	,, Grace
2,308 0 0	2,460 0 0	2,464 0 0	1,224 0 0	,, Diets
6,577 2 6½	3,000 0 0	4,888 16 9	3,000 0 0	Band of Pensioners
10,684 11 11	6,661 8 9	12,277 6 2	44,886 0 6	Bounties
45,209 1 8	42,400 1 5¼	50,948 0 0	42,146 18 9½	Customs
9,476 18 0	14,772 8 0	22,262 1 4	22,348 17 11¼	Excise
	355 5 11½	45 10 2		Encouragement
59,315 7 8½	86,240 15 3½	56,954 0 5	118,890 16 6½	Secret Service
4,880 0 0	1,884 1 4			Presents
94 10 0	96 12 0		96 12 0	Bills of Impost
22,929 0 6	25,632 12 4	17,438 5 10	25,950 0 0	Privy Purse
				House Rent
6,437 11 3	6,700 0 0	13,000 0 0	6,234 15 8	Mint
11,280 18 1	3,010 9 2¼	14,048 9 6½	15,961 15 3	Contingencies
				Tallies upon Excise
2,282 0 0				Postage
				Prince of Orange
		3,131 18 3	21,087 0 0	Jewels
2,980 0 0	1,500 0 0	5,560 0 0	3,615 3 0	Captives
			6,779 18 9	Management P.O.
			4,398 4 4	Do. Hearth Money
			79,636 9 1½	Pensions
				Tower
				Gardeners
			9,000 0 0	Mr John Knight
1,123,861 6 4	1,145,576 12 2	1,250,124 8 7¼	1,608,518 15 6	Total
244,541 12 8½	153,729 1 7½	323,260 5 1¾	391,902 8 1	Loans
1,368,402 19 0½	1,299,305 13 9½	1,573,384 13 9	2,000,421 3 7	Total issues

STATEMENT Q. THE ISSUES OF THE EXCHEQUER 1686–94 (MSS., 17,756, ff. 17, 25–30,

	Lady Day 1686—Lady Day 1687	Lady Day 1687—Lady Day 1688	5 Nov. 1688—29 Sept. 1691
	£ s. d.	£ s. d.	£ s. d.
Navy	444,805 4 10	428,188 5 7¾	3,126,037 8 0¼
Army	634,259 6 10	580,000 0 0	5,948,902 16 7½
Ordnance	86,904 11 2½	93,275 16 7	674,493 17 6½
Tangier	26,874 5 0	21,200 0 0	
Ambassadors	32,447 18 8	28,089 2 11	70,180 11 1
Secret Service	104,491 13 3¼	107,632 18 6½	282,258 16 7
Mint	15,155 6 4½	7,775 0 0	23,067 11 3
Fees and Salaries	60,863 6 5½	65,144 1 8¼	425,347 8 8½
Pensions	158,910 2 3¾	88,039 6 2¾	288,535 6 10
Band of Pensioners	9,000 0 0	6,000 0 0	15,000 0 0
Bounties and Rewards	14,913 11 6½	23,242 0 0	20,794 10 1
Management of the Customs	50,530 1 9¼	58,572 1 6¼	
„ „ Excise	22,087 0 0	13,334 19 0	
„ „ Hearth Money	3,408 16 5	1,720 5 7	
„ „ Post Office	8,637 2 8	4,917 9 7	
Defalcation Post Fines			10,548 18 7
Redemption of Captives	3,011 19 0		500 0 0
Stationery			
States General			600,000 0 0
Privy Purse	27,300 0 0	13,000 0 0	79,160 0 0
Queen Consort			106,250 0 0
Wife of James II.			1,332 3 4¾
Household	66,156 15 8¾	79,261 10 10	261,608 14 7¼
Treasurer of the Chamber	26,527 2 7	35,529 15 8	119,141 17 0
Wardrobes	14,600 0 0	20,775 11 10½	75,532 13 5¼
Works	25,285 0 0	20,276 18 2	
Master of the Horse	12,090 0 0	16,846 11 5¼	13,050 0 0
„ „ Robes	1,250 0 0	2,500 0 0	16,481 4 3
Jewels and Plate	10,400 0 0	8,733 18 2	223,539 2 8
Gardens			
Law Expenses			5,905 4 6
Free Gifts			
Arrears of Salaries and Wages to Servants of Charles II.	203,777 6 1½	137,183 4 8	59,880 14 3½
Contingencies	30,043 15 5¼	36,979 6 2¾	
Extraordinary Debentures, Portage Bills, Customs and Packet Boats			267,691 18 2
Service of Prince of Orange, West and North			32,054 15 7
Surplus of Receivers' Accounts			7,467 13 3¼
Charges of Prizes			21,018 19 9
Commissioners' Accounts			4,250 0 0
Charges of the Commission for the Bank			
Parks, Rent paid and Sundries	96 12 0		2,310 0 0
Total, exclusive of interest and repayment of loans	2,093,826 18 2¾	1,898,218 4 4	12,782,342 6 2¾
Annuities on Survivorship, and under Million Act, and Expenses thereof			
Excess of Loans repaid over Loans contracted			
Loans repaid and Interest			5,055,440 15 4¼
Total Issues	2,093,826 18 2¾	1,898,218 4 4	17,837,783 1 7

Bodleian Library, Eng. Hist., b. 19, 20; Add. MS., Brit. Mus., 49–54, 70–5).

29 Sept. 1691—28 Sept. 1692	28 Sept. 1692—28 Sept. 1693	28 Sept. 1693—28 Sept. 1694	
£ s. d.	£ s. d.	£ s. d.	
1,232,424 0 7	1,925,327 18 5	2,124,221 7 11¼	Navy
1,895,942 15 11	2,345,548 6 7½	2,118,204 9 5¾	Army
252,912 5 4	379,408 19 11¾	239,307 6 8	Ordnance
			Tangier
24,026 4 9	40,284 14 9½	25,011 14 11	Ambassadors
42,601 0 9¼	57,509 5 8½	43,606 7 8¾	Secret Service
12,146 12 9	5,137 10 0	6,775 0 0	Mint
84,152 3 7½	67,408 9 8½	87,433 7 7	Fees and Salaries
49,026 7 1½	65,379 14 11½	32,084 13 2½	Pensions
3,000 0 0	4,500 0 0	6,000 0 0	Band of Pensioners
9,790 2 6½	16,431 3 7½	31,074 1 7¾	Bounties and Rewards
			Customs
			Excise
			Hearth Money
			Post Office
6,427 1 4½			Post Fines
500 0 0	958 12 4		Captives
	11,864 9 7	5,508 10 2	Stationery
			States General
27,500 0 0	22,500 0 0	39,795 0 0	Privy Purse
61,500 0 0	52,000 0 0	64,000 0 0	Queen Consort
			Wife of James II.
103,599 19 11	100,286 9 0	99,109 4 0	Household
32,932 15 0¾	41,373 0 5¼	36,818 16 3½	Chamber
23,943 2 0	17,320 4 9	15,500 0 0	Wardrobes
31,659 18 7½	104,351 5 3¼	14,814 13 6	Works
36,094 5 0	11,324 11 0	13,800 0 0	Horse
3,500 0 0		7,100 0 0	Robes
9,245 7 0	3,880 1 2	5,900 0 0	Jewels, &c.
6,140 0 0	12,007 5 0	5,074 9 8	Gardens
3,500 0 0	3,700 0 0	3,288 5 0	Law Expenses
33,058 14 0	35,548 1 3¼	25,119 16 9¼	Free Gifts
			Servants of Charles II.
			Contingencies
			Debentures, &c.
			Prince of Orange
	2,766 6 11½	2,130 0 9	Receivers' Accounts
			Prizes
			Commissioners' Accounts
		3,000 0 0	Bank
1,561 5 3	347 17 5½	1,038 4 0	Sundries
3,987,184 1 7¼	5,327,164 8 0¾	5,055,715 9 3¾	Total
		111,812 16 2	Annuities
		523,410 2 5	Excess of Loans
196,680 10 7	208,299 12 5	311,814 13 10	Loans and Interest
4,183,864 12 2¼	5,535,464 0 5¾	6,002,753 1 8¾	Total Issues

STATEMENT R. THE DEBTS OF CHARLES II., MARCH 31, 1679 (Add. MS. 28,078, f. 320).

	£
Navy	557,233
,, for 30 ships	150,000
Ordnance	293,050
Tangier	42,900
Privy Purse	23,000
Works	39,478
Chamber	35,000
Stables	12,536
Wardrobe	47,516
Robes	5,000
Tents[1]	29,047
Tower	8,000
Secretary of State	6,024
Queen and Duke of York	9,050
Salaries and Pensions	200,000
Total	1,457,834

[1] This is noted on the margin of the MS. as "a supposed extravagant account."

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